Canadian Food Inspection Agency

2014–15

Departmental Performance Report

Approved:

The Honourable Jane Philpott, PC, MP
Minister of Health

For the period ending March 31, 2015

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(Canadian Food Inspection Agency), 2015

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Minister's Message

The Honourable Jane Philpott, PC, MP, Minister of Health

The Canadian Food Inspection Agency's (CFIA) 2014–15 Departmental Performance Report clearly demonstrates the Government's commitment to the health and safety of Canadians. Canadian families can continue to have confidence that our food safety system remains one of the very best in the world. Canada is proud to have one of the strongest food safety systems in the world, ranking number one (along with Ireland) in a 2014 Conference Board of Canada report that compared 17 countries.

Under the Health Portfolio, and the Healthy and Safe Food for Canadians Framework, the CFIA's already strong working relationship with Health Canada and the Public Health Agency of Canada underpins a modern, coordinated approach to food safety. The three pillars of this framework are:

- Promotion;
- Prevention; and
- Protection.

Promotion

The CFIA continued to increase its communications with consumers. Through its promotion activities, in partnership with industry, consumers, and federal, provincial, and municipal organizations, the CFIA protects Canadians from preventable health risks. During 2014–15, the CFIA:

- Published approximately 1,000 food recalls and allergy/allergen alerts through its Facebook and Twitter accounts to inform Canadians about food safety;
- Sent e-mail alerts to more than 50,000 subscribers; and
- Held extensive engagement sessions with consumers and stakeholders on modernizing the way food is labelled, and published a "What We Heard" report in collaboration with Health Canada.

The CFIA also continued its consultations with Canadian businesses, big and small. In 2013 and 2014, the Agency held extensive consultations with industry and other stakeholders on its proposed new food framework.

In May 2015, the CFIA began further consultations with micro and small businesses to find out more about the types of tools, guidance resources and support that would assist these businesses in producing food that is safe and compliant with federal regulations.

Prevention

In February 2015, the *Agricultural Growth Act* received Royal Assent. The *Act* gives inspectors stronger tools to enforce regulations and deter anyone who puts Canada's plant and animal resource base at risk.

The CFIA has a well-planned emergency preparedness and response capacity. However, threat environments continue to evolve, requiring the regular updating of plans and responses so that the Agency can maintain a minimum of essential business functions during emergencies. Work progressed on the development of a Strategic Emergency Management Framework, which includes the management of plant and animal health – the first links in the food chain.

The CFIA moved forward on the Canadian Food Safety Information Network, an initiative that involves collaboration with provincial partners to improve the Agency's ability to anticipate, detect, and respond to food-borne threats and hazards.

Protection

The CFIA's surveillance and response systems were put to the test and proved strong in 2014–15.

In February 2015 in Alberta, a cow was identified as having bovine spongiform encephalopathy (BSE). The CFIA not only responded to the specific situation, it continued to engage partners and stakeholders to review Canada's BSE programming and communicate the Canadian long-term approach to BSE disease control.

The CFIA faced two avian influenza outbreaks in 2015 – one in British Columbia and one in Ontario – and responded vigorously in collaboration with the poultry industry and the provinces to facilitate a coordinated approach and to prevent the spread of the virus.

Food Safety was the theme for the World Health Organization's (WHO) World Health Day on April 7, 2015. For the CFIA, every day is food safety day. This Agency remains committed to the health and safety of Canadian families and continues to work hard to protect the food we produce and eat.

The Honourable Jane Philpott, PC, MP
Minister of Health

Section I: Organizational Expenditure Overview

Organizational Profile

Appropriate Minister: The Honourable Jane Philpott, PC, MP

Institutional Head: Bruce Archibald

Ministerial portfolio: Health

Year of Incorporation / Commencement: 1997

Enabling Instrument(s):

CFIA Wide

- *Canadian Food Inspection Agency Act*[i]
- *Agriculture and Agri-Food Administrative Monetary Penalties Act*[ii]
- *Agricultural Growth Act*[iii] (Amends and modernizes all the Plant and Animal Health related Acts)

Food Safety

- *Food and Drugs Act*[iv] (as it relates to food)
- *Safe Food for Canadians Act*[v] *(SFCA)* (Once brought into force, the SFCA will replace the following):
    - *Canada Agricultural Products Act*[vi]
    - *Consumer Packaging and Labelling Act*[vii] (as it relates to food)
    - *Fish Inspection Act*[viii]
    - *Meat Inspection Act*[ix]

Plant

- *Fertilizers Act*[x]
- *Plant Breeders' Rights Act*[xi]
- *Plant Protection Act*[xii]
- *Seeds Act*[xiii]

Animal Health

- *Health of Animals Act*[xiv]
- *Feeds Act*[xv]

Organizational Context

Raison d'être

The Canadian Food Inspection Agency (CFIA) is Canada's largest science-based regulatory agency. It has approximately 6,762[1] employees working across Canada in the National Capital Region (NCR) and in four operational areas (Atlantic, Quebec, Ontario and Western).

The CFIA is dedicated to safeguarding food, animal, and plant health, which enhances the health and well-being of Canada's people, environment, and economy.

The CFIA develops and delivers inspection and other services in order to:

- Prevent and manage food safety risks;
- Protect plant resources from pests, diseases and invasive species;
- Prevent and manage animal and zoonotic diseases;
- Contribute to consumer protection; and
- Contribute to market access for Canada's food, plants, and animals.

The CFIA bases its activities on science, effective risk management, commitment to service and efficiency, and collaboration with domestic and international organizations that share its objectives.

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[1] This number includes active employees as well as those on paid or unpaid leave.

Responsibilities

THE CFIA'S KEY FEDERAL PARTNERS

- Health Canada
- Agriculture and Agri-Food Canada
- Public Health Agency of Canada
- Canada Border Services Agency
- Canadian Grain Commission
- Public Safety Canada
- Fisheries and Oceans Canada
- Natural Resources Canada, including Canadian Forest Service
- Foreign Affairs, Trade and Development Canada
- Environment Canada, including Canadian Wildlife Service

The CFIA is responsible for administrating and enforcing 13 federal statutes and 38 sets of regulations, for regulating the safety and quality of food sold in Canada, and for supporting a sustainable plant and animal resource base. In November 2012, the *Safe Food for Canadians Act* received Royal Assent. This new legislation, when fully in force, will bring into effect new regulations that provide the necessary legal framework for a more consistent approach to strengthening food inspection in Canada. The *Safe Food for Canadians Act* consolidates and will replace the *Fish Inspection Act*, the *Canada Agricultural Products Act*, the *Meat Inspection Act*, and the food provisions of the *Consumer Packaging and Labelling Act*. The *Agricultural Growth Act* received Royal Assent on February 25, 2015 and has come into force. The *Agricultural Growth Act* modernizes and strengthens federal agriculture legislation, supports innovation in the Canadian agriculture industry and enhances global market opportunities for Canadians. The *Agricultural Growth Act* updates the following suite of Acts that the CFIA uses to regulate Canada's agriculture sector: *Plant Breeders' Rights Act*, *Feeds Act*, *Fertilizers Act*, *Seeds Act*, *Health of Animals Act*, *Plant Protection Act*, and the *Agriculture and Agri-Food Administrative Monetary Penalties Act*.

The CFIA shares many of its core responsibilities with other federal departments and agencies, with provincial, territorial and municipal authorities, with private industry, and with other stakeholders. The CFIA works with its partners to implement food safety measures; manage food, animal, and plant risks, incidents and emergencies; and promotes the development of food safety and disease control systems to maintain the safety of Canada's high-quality agriculture, agri-food, aquaculture and fishery products . The CFIA's activities include verifying the compliance of imported products; registering and inspecting establishments; testing food, animals, plants, and their related products; and approving the use of many agricultural inputs.

Within a three-year period, with the passage of the *Safe Food for Canadians Act* in 2012 and the *Agricultural Growth Act* in 2015, every statute administered and enforced by the CFIA has been revised with new authorities. Having a modern legislative base is critical for the CFIA to address new challenges and issues, and respond to new pressures, trends and science.

New cross-cutting authorities include:

- Modern inspector authorities so that inspectors have the right tools to do their job;
- Revised and strengthened offence provisions, with more up-to-date fines and penalties;
- Explicit authorization for export certification;
- Regulatory authority to require licensing and/or registration;
- Explicit authority to incorporate documents by reference;
- Regulatory authority to require preventive control plans, quality management plans for manufacturers; and
- Document and record-keeping requirements.

Additionally, the CFIA actively participates in international fora for the development of international science-based rules, standards, guidelines and policies. It also engages in the management of sanitary and phytosanitary committees established under international agreements and actively promotes the Canadian science-based regulatory system among foreign trading partners. The CFIA negotiates to resolve scientific and technical issues, contributing to market access for Canadian goods. It also provides scientific advice, develops new technologies, provides testing services, and conducts regulatory research.

At the CFIA, decisions are based on high-quality, timely, relevant science. Science informs policy development and program design and delivery through foresight, advice, risk assessment, the influence of international standards, research and development, and testing.

Strategic Outcome and Program Alignment Architecture (PAA)

To effectively fulfill its responsibilities in safeguarding Canada's food supply and sustaining its animal and plant resource base, the CFIA aims to achieve its strategic outcome[2] (A safe and accessible food supply and plant and animal resource base). The CFIA's Program Alignment Architecture (PAA) illustrates the Agency's plans to allocate and manage its resources to achieve the corresponding expected results. The CFIA's PAA framework, through which resources are allocated for effective delivery of its mandate and performance reporting to Parliament, consists of:

1. **Strategic Outcome:** A safe and accessible food supply and plant and animal resource base.

    1.1 **Program:** Food Safety Program
        1.1.1 **Sub Program:** Meat and Poultry
        1.1.2 **Sub Program:** Egg
        1.1.3 **Sub Program:** Dairy
        1.1.4 **Sub Program:** Fish and Seafood
        1.1.5 **Sub Program:** Fresh Fruits and Vegetables
        1.1.6 **Sub Program:** Processed Products
        1.1.7 **Sub Program:** Imported and Manufactured Food Products

    1.2 **Program:** Animal Health and Zoonotics Program
        1.2.1 **Sub Program:** Terrestrial Animal Health
        1.2.2 **Sub Program:** Aquatic Animal Health
        1.2.3 **Sub Program:** Feed

    1.3 **Program:** Plant Resources Program
        1.3.1 **Sub Program:** Plant Protection
        1.3.2 **Sub Program:** Seed
        1.3.3 **Sub Program:** Fertilizer
        1.3.4 **Sub Program:** Intellectual Property Rights

    1.4 **Program:** International Collaboration and Technical Agreements

    Internal Services

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[2] A Strategic Outcome is defined as a long-term and enduring benefit to Canadians that stems from the Agency's vision and mission. It represents the difference the Agency intends to make for Canadians.

Organizational Priorities

The following table, based on the Agency's Long-Term Strategic Plan (LTSP), outlines the CFIA's priorities for 2014–15. By defining the Agency's long-term vision and carefully considering its key strategic risks, the LTSP assists the CFIA in mitigating its risk, strengthening its foundation and effectively delivering its core program activities.

Priority	Type[3]	Strategic Outcome and/or Program
An increased focus on **prevention** which will provide an opportunity to minimize risks to human, animal and ecosystem health	Previously committed to	Food Safety Program, Animal Health and Zoonotics Program, Plant Resource Program and International Collaboration and Technical Agreements
Summary of Progress		
Integrating proactive and preventive risk management approaches into all CFIA programs and bolstering these approaches with a clear inclusive focus on partnerships and information sharing[4], will help the CFIA to anticipate, prevent, prepare, and manage issues, including emergencies. In 2014–15, the CFIA: • Continued to develop new food regulations in support of both the new *Safe Food for Canadians Act* and the implementation of the Integrated Agency Inspection Model; • Reviewed the requirements for the Imported Food Sector Products Regulations and integrated them into the overarching proposed *Safe Food for Canadians Regulations* to ensure industry readiness and convergence; • Finalized the Integrated Agency Inspection Model (iAIM) which seeks to provide a more predictable, productive, and consistent inspection approach. The iAIM replaces the Improved Food Inspection model which had been completed in 2013/14; • Launched the renewal of its Integrated Risk Management (IRM) Policy and Framework. The modernized integrated risk management approach will permit the Agency to more efficiently respond to and manage risk across the CFIA's business lines; • Developed a Compliance Promotion Strategy to facilitate delivering compliance promotion tools consistently and achieve desired regulatory outcomes;		

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[3] Type is defined as follows: previously committed to – committed to in the first or second fiscal year prior to the subject year of the report; ongoing – committed to at least three fiscal years prior to the subject year of the report; and new – newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

[4] The exchange of information among partners will be conducted according to applicable provincial and/or federal access to information and privacy legislation and common law principles, and existing information-sharing arrangements.

Summary of Progress *continued*

- In collaboration with the provinces and territories and in concert with the United States Department of Agriculture (USDA), a report was completed identifying the best methods to mitigate the risk of spreading the Asian Gypsy Moth (AGM) at the point of origin. The CFIA continued to work with the USDA, Mexico, Chile, New Zealand and other countries to expand the AGM vessel certification program so as to minimize the incursion of the AGM to North America;
- Federal, provincial, territorial (FPT) Agriculture Ministers supported the development of an emergency management framework and the CFIA is collaborating with the provinces to develop a Strategic Emergency Management Framework, that includes the management of plant and animal health risks. The vision for the framework is to develop a collaborative, comprehensive and risk-based approach to achieving the common goals of reducing and managing risks, while building resilience in the sector.
- Collaborated closely with the Province of British Columbia and key industry stakeholders to facilitate a co-ordinated approach to respond to the Avian Influenza situation, and prevent the spread of the virus; and
- The Government of Canada tabled the *Agricultural Growth Act* on December 9, 2013 and received Royal Assent on February 25, 2015. As of March 2015, all of the CFIA sections of the *Agricultural Growth Act* were in force, except one - Amendments to definitions of "livestock" and "sell" in the *Feeds Act* - that will require regulations to operate.
- Received funding approval from the Treasury Board for the Canadian Food Safety Information Network (CFSIN), an initiative that will improve Canada's ability to anticipate, detect and respond to food-borne threats and hazards.

Priority	Type[3]	Strategic Outcome and/or Program
The CFIA's role as an effective regulator will be enhanced by a focus on **service excellence**	Previously committed to	Food Safety Program, Animal Health and Zoonotics Program, Plant Resource Program and International Collaboration and Technical Agreements

Summary of Progress

Strengthening the CFIA's citizen-centred service delivery culture will result in enhanced program delivery and increased confidence in the Agency as a trusted and credible regulator by domestic and international stakeholders. In 2014–15, the CFIA:

- Launched the operations of the National Centres of Operational Guidance and Expertise to increase consistency in the advice, guidance and direction provided to the inspectorate and to centralize the subject matter expertise within a single Branch.
- Through an established Complaints and Appeals Office, the Agency continued to seek opportunities to enhance the quality of CFIA's service delivery and program design by working with stakeholders – producers and Canadians alike – to resolve issues that affected industry and individual businesses involved in the food, animal and plant health sectors.
- Continued the review of User Fees and Service Standards for Food Safety Program, Fertilizer, Feed and Animal Health programs exports. Initiated review on the remaining Animal Health and Plant Resources Programs.
- Completed Part II of a technical review of CanadaGAP, a private food safety certification program that will enhance CFIA's alternative service delivery.
- Continued to define the business requirements of the Electronic Service Delivery Platform (ESDP) project, which will provide a set of technologies and tools for citizens, industry, and CFIA inspectors in their respective roles under the new inspection model. ESDP will:
    - Automate business processes (e.g., licensing, export certificates, work tasking, inspection, and enforcement) across all business lines (food, plant, and animal);
    - Standardize the gathering of operational performance data, information to support risk assessments, and mechanisms to better target inspection resources to high risks areas; and
    - Increase the productivity, effectiveness, coverage, and transparency of the inspection regime and provide more predictable, reliable, and efficient service to industry.
- In support of a more risk based approach to oversight, the Agency began exploring how it may enhance this approach by assessing industry's use of private certification schemes. As part of this effort, the CFIA drafted and consulted on a discussion paper that considers industry's use of private certification schemes
- Continued to facilitate grain exports during the huge grain surge in 2014–15 by increasing its capacity in regional offices and laboratories to maintain and improve service delivery. The CFIA shortened sample analysis time; implemented sample tracking systems for submissions and reporting; delivered all requests for ship inspections and maintained its service standards for issuance of phytosanitary certificates to the overall satisfaction of the grain industry.
- Implemented an emergency plan in response to the unanticipated Russian embargo on Canadian meat and seafood exports. Through active engagement with the Canadian fish industry, the vast majority of the embargoed containers of products in-transit to Russia found alternative markets, thereby minimizing industry losses.

Priority	Type[3]	Strategic Outcome and/or Program
Adapt and evolve to meet new demands and expectations with a focus on internal **performance excellence**	Previously committed to	All Programs

Summary of Progress

Optimizing performance will enable the CFIA to evaluate the effectiveness of the Agency's policies and programs in order to allocate resources to areas of highest risk. In 2014–15, the CFIA:

- Implemented a renewed governance structure, which is in line with the Agency's changing business needs and enhances whole-of-Agency information-sharing and integration. The renewed governance structure is designed to facilitate an inclusive approach to planning, executing and ultimately, effective delivery of programs and policies.
- Developed a Business Architecture Framework which provides executives across business lines and branches the ability to view issues and solutions from a shared, enterprise-wide perspective. Developing a blueprint of the enterprise provides a common understanding of the organization and will be used to ensure that the business strategy and vision become embedded in the culture and governance of the Agency.
- Continued the development of a new PAA for 2017–18 that aligns with CFIA's Agency Transformation and Single Food approach, the *Safe Food for Canadians Act*, and the *Agricultural Growth Act*. The PAA will include a structure, program descriptions with objectives and activities, a supporting PMF, and eventually financial coding for reporting. The allocation of resources to the CFIA by Parliament and Parliamentary reporting are based on the PAA.

Priority	Type[3]	Strategic Outcome and/or Program
Focusing on **people** who are supported by training and tools	Previously committed to	All Programs

Summary of Progress

Focusing on diverse talents, supported by training and modern tools will result in a stable and skilled CFIA workforce with adaptable and satisfied employees. In 2014–15, the CFIA:

- Continued to retain and attract competent, qualified, and motivated personnel;
- Provided modern tools to the inspectorate, such as ruggedized tablet computers. These portable, durable devices provide access to the CFIA network and enable inspectors to perform more of their duties on-site;
- Provided training and information to staff to support the Agency and career progress;
- Encouraged sharing good practices through participation in communities of practice
- Developed and began implementation of a Talent Management framework, including work architecture and CFIA competencies and talent mapping assessment tools to support modernized competency-based Human Resources. Initial focus is at the EX-minus one and EX-minus two levels as well as other non-EX levels within the Agency.
- An impressive 82.4% of CFIA employees completed the 2014 Public Service Employee Survey (PSES). This was significantly higher than the Government of Canada response rate of 68.9%. 95% of CFIA employees who responded to the survey expressed satisfaction with their job.

Risk Analysis

The CFIA is responsible for identifying and managing risks to the food supply and the plant and animal resource base on which safe food and a prosperous economy depends. As such, the Agency uses a robust risk management discipline. The discipline of integrated risk management has been adopted by all parts of the CFIA as an integral part of policy, priority setting, planning, resourcing, delivery, review and reporting activities.

The vast majority of the risks that fall within the Agency's mandate are managed in concert with numerous partners and stakeholders, both domestic and international. Factors influencing key strategic risks faced by the Agency include (but are not limited to):

- the ongoing emergence of new pathogens due to increases in international travel and trade, microbial adaptation, changes in production methods and distribution as well as human demographics and behaviour;
- the convergence of human, animal and ecosystem health issues;
- the emergence of global supply chains, which have fundamentally changed the way agricultural products are produced, processed, packaged, distributed and sold;
- an increase in both the volume and variety of goods coming into Canada;

- increased export opportunities for Canadian producers, coupled with changing international standards and more stringent requirements;
- rapid advances in processing and manufacturing technologies, resulting in significant increases in production speed, volume and diversity and the subsequent need for legislative and regulatory frameworks to keep pace;
- an increasingly knowledgeable, demanding and risk-averse consumer and stakeholder base; and
- a growing international consensus around the need for common technologies and scientific approaches to support industry oversight and the global agri-food trade.

A cornerstone of the CFIA's risk management process is the development of an Agency-wide Corporate Risk Profile (CRP). The Agency's CRP identifies the key strategic risks to which the Agency is exposed as a result of its internal and external operating environments, and provides strategies aimed at reducing risk exposure to tolerable levels over the next several years. The results of the corporate risk profiling process have directly informed the strategies presented throughout this report.

Table 1 highlights the CFIA's key strategic risks, planned responses to those risks, and notes what was done in 2014-2015 to minimize risks. The risks outlined below were identified in the 2014-2015 RPP.

Given that the Agency's key corporate risks are currently unchanged, and that response strategies are relatively long-term in nature, the risk responses were not significantly modified from the previous report.

Table 1: Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Management Information and IM/IT Infrastructure **The ability to make risk-based decisions due to the lack of timely, accurate and useful data and information.** The Agency's diverse information requirements and national presence has resulted in an IM/IT infrastructure containing a complex mix of new and old equipment that supports multiple IM/IT systems and databases. Differences in how information is collected, analyzed, and used across multiple systems and hardware may impede information sharing and timely operational and regulatory decision making.	**Business Information Management Centre (BIMC)** • Produced BIMC dashboards on a quarterly basis that provided high level corporate, performance, monitoring and operational information to support senior management decision making. • Improved the information collection and governance process for senior management dashboards, as well as enhanced the dashboard content with trending information. **Improved Business Intelligence Capability:** • A Strategy and Roadmap was drafted to improve business intelligence and analytics capabilities in alignment with and in support of Agency strategic direction. • Improvements made to the operational processes for managing the development, maintenance and quality of reporting products that are supported by business intelligence tools. **Email Transformation Initiative (ETI) – Preparation and Readiness:** • In support of good information management practices, in alignment with the Treasury Board Standard on Email Management, and in preparation for the migration to the enterprise-wide email solution, provided training to employees on proper management of information of business value. Storage limits applied to email boxes. • In preparation for the technical migration from the Agency email solution to the enterprise email solution, completed a desktop readiness assessment and migration plans are being implemented in cooperation with the Shared Services Canada (SSC) Email Transformation Initiative (ETI) team. **Electronic Service Delivery Platform (ESDP)** • Definition of business requirements for the Electronic Service Delivery Platform (ESDP) project continued.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Inspection Effectiveness **The ability to have appropriate inspection effectiveness to expeditiously prevent, detect and respond to threats to food safety, animals and plants.** Until recently, the Agency delivered 14 independently evolved inspection programs, each having diverse and complex requirements for training, information collection and industry compliance that differ depending on the commodity being regulated. Currently, the Agency's resource efficiency is impacted due to the maintenance of multiple training programs and IM/IT systems used to address distinct variations in inspection processes, tools, and information collection.	**Agency Transformation Agenda** **Integrated Agency Inspection Model:** • Finalized development of an integrated Agency Inspection Model (iAIM) and began implementation of various components of the model. iAIM sets out a standardized inspection process, bringing consistency across business lines and commodities. A suite of draft operational guidance documents was developed to support implementation of the iAIM. • Continued to modernize the inspection system to enhance efficiency. Enhancements include the creation of an Inspector General Office. Different categories of inspectors, variety of inspection mechanisms and validation processes have also been implemented. • Continued to deliver the Pre-Requisite Employment Program (PREP). PREP became a part of the Agency's core business with a newly developed registrar's office charged with overseeing the administration and coordination of the program for all newly hired inspectors. PREP is designed to help orient new inspectors, and prepare them for their roles and responsibilities. • Continued to deliver the Supervisors' School program to enhance food safety culture through effective supervision. **Centers of Operational Guidance and Expertise:** • Launched the operations of the National Centers of Operational Guidance and Expertise to increase consistency in the advice, guidance and direction provided to the inspectorate and to centralize the subject matter expertise within a single Branch.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Inspection Effectiveness *continued*	**Human Resources Modernization** **Classification Reform Regulatory Science (SR) Group:** • Standard definition completed, role descriptors finalized, MOU negotiated and signed with the union, support from Treasury Board Secretariat obtained. • SR conversion on target for implementation in 2015–16. **Collective Agreement Reform** • Classification modernization on track. • CFIA training curriculums for main communities of practice are in final stages of development. • Revised EX policy suite in support of talent management. • Began development of HR frameworks in support of CFIA communities (Science, Inspectorate, Advisory, Veterinarians, Services and Leadership). **Business Architecture:** • Developed the Business Architecture Framework, aimed at providing executives across business lines and branches the ability to view issues and solutions from a shared, enterprise-wide perspective	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Scientific Capability **The ability to have the scientific capability to adapt and respond in a timely manner.** Advancements in science and technology have increased the complexity of the commodities the Agency regulates. Additionally, there is growing international consensus around the need for common scientific equipment and approaches to support industry oversight and the global agri-food trade. The Agency is expected to maintain an employee base and modern laboratory facilities that reflects these advancements in regulated products and international requirements.	**Human Resources Modernization** **HR Framework for Science / Regulatory Organizations.** • CFIA's new staffing framework was implemented. • Research conducted on best predictors for quality of hire. • New assessment methodology introduced and applied to staffing processes where applicable. • Development of strategy for entry-level and specialized recruitment for top-end scientists completed. **Strengthen Science Capacity** **Modernization of laboratory infrastructure and equipment:** • Renovated existing food laboratory space in the Greater Toronto Area (GTA) to support improved work flow and increased sample throughput. • Completed Project Planning for St. Hyacinthe laboratory. • Initiated Project Execution for the same laboratory with contract award. **Regulatory Cooperation Council (RCC): Mutual reliance of food testing results:** • Canadian and US accreditation criteria for food testing laboratories were analyzed for similarities including examination of possible changes to accreditation requirements occurring as part of broader food safety legislation modernization. **Canadian Food Safety Information Network (CFSIN)**: • TBS approved funding for CFSIN initiative. CFSIN will improve Canada's ability to anticipate, detect and respond to food-borne threats and hazards. • A CFSIN governance and organizational structure has been developed, including the support and engagement from the federal and provincial partners.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Scientific Capability *continued*	**Canadian Animal Health Surveillance Network (CAHSN):** • Signed data sharing agreements with eight provinces and key partners. • Began working on new CAHSN partnerships, such as the Canadian Network for Public Health Intelligence or CNPHI "on the go" project which offers the opportunity to involve CAHSN partners in the development of agile technology. **Enhance Engagement** **Enhancing laboratory response capacity:** • Laboratory methods improved and validated to reduce the time required to test samples and enable a more rapid response. Methods will be transferred to industry and federal/provincial/territorial partners. • Continued work on CFIA's research project with Genome Canada and Alberta Innovates Biosolutions on E.Coli O 157:H7 genomics.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Legislative, Regulatory and Program Framework **The ability of the current legislative, regulatory and program framework to support the effective delivery of the Agency's mandate.** Rapid advances in processing and manufacturing technologies have resulted in significant increases in production speed, volume and diversity, requiring the subsequent need for updated legislative and regulatory frameworks. Statutes and authorities impact the design and delivery of programs that regulate new commodities and support economic competitiveness within the industry.	**Legislative Renewal** • *Agricultural Growth Act* received Royal Assent on February 25, 2015 and has come into force. The *Act* modernizes the *Health of Animals Act, Feeds Act, Fertilizers Act, Seeds Act, Plant Protection Act*, and *Plant Breeders' Rights Act*. **Regulatory Modernization** • In support of the anticipated coming-into force of the *Safe Food for Canadians Act* (SFCA), draft regulations have been completed and a third round of engagement launched with a focus on micro and small businesses. • CFIA held the Healthy and Safe Food Regulatory Forum in June 2014 on various Agency Transformation consultation documents and received over 400 formal submissions from stakeholders. • *Maple Products Regulations* were amended to facilitate the trade of maple syrup with the United States and reduce consumer confusion regarding grade names and color classes. • To further strengthen Canada's food inspection system, published the final regulatory amendment to implement *Administrative Monetary Penalties* under the *Meat Inspection Act* and Regulations in the Canada Gazette II. • Continued to revise the *Seeds Regulations* as well as the *Fertilizer Regulations.* • Continued to consult on various animal health regulatory amendments.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Managing Change **The ability to effectively manage change on an ongoing basis.** The global evolution of economic, social and environmental factors influences the regulatory and business environment within which the Agency operates. Consequently, fiscal restraint is growing in importance, as is the subsequent need for greater innovation to achieve efficiency while maintaining or increasing effectiveness in the way the Agency does its business and delivers its mandate.	**Agency Transformation** • Continued whole of Agency initiative to transform and modernize how mandated programs and activities are delivered to better serve Canadians. • Building on a strong foundation, continued to strengthen food safety and consumer protection by improving regulatory and oversight strategies and tools. These include new inspection model, legislative and regulatory modernization, transforming the way we do business, better risk management, and providing more information to our partners and consumers. • To effectively manage the transformation, organizational restructuring is being implemented. **Organizational Design** • Developed and began implementation of a Talent Management framework, including work architecture and CFIA competencies and talent mapping assessment tools to support modernized competency-based HR. Initial focus at the EX minus one and EX minus two levels as well as other non-EX levels within the Agency. • Classification modernization is on track. **Culture Change:** • CFIA made progress in moving towards a "One Agency" approach to culture change, which emphasizes that, while the CFIA is divided organizationally along branch and business lines, the Agency itself has one set of priorities and one budget. • Two Senior Human Resource Committee presentations were made to confirm a "One-Agency" approach to culture change in fall 2014. An ED/DG-level Advisory Panel was created in December 2014 with representatives from across the CFIA branches and offices. A proposed action plan and path forward presented to Agency Modernization Executive Table in March 2015.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Managing Change *continued*	**CFIA Governance Renewal** • CFIA reviewed its corporate governance structure in order to uphold the accountabilities of branch heads and committee members, to bring governance in line with the Agency's changing business needs and enhance whole-of-Agency information-sharing and integration. The new governance model is guided by the principles of accountability, transparency and performance. **Enhance Project Management** • CFIA adopted the Enterprise Project Management Framework across all its projects and is following an integrated annual business planning and investment planning cycle. • TBS approved CFIA's Five Year Investment Plan and granted the CFIA Level 2 for Organizational Project Management Capacity Assessment (OPMCA). • CFIA embarked on its continuous improvement agenda for projects.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Transparency and Leveraging Relationships **Opportunity for the Agency to increase its transparency and accountability to stakeholders.** Information sharing enables regulated parties to take steps to ensure compliance and helps to increase public awareness and confidence in the Canadian marketplace. Diverse methods exist to engage and collaborate with industry, other governmental stakeholders and the public to enhance the development of outputs that are mutually beneficial and agreed-upon.	**Enhance Service and Communication** • A white paper was produced to review the Agency's transparency experiences and key considerations, while a steering committee and working group were established to continue efforts associated with the Transparency Agenda. • An Open Agency Steering Committee and Working Group were established to continue defining Phase III of the Transparency Agenda. **Enhance Engagement with Regulated Parties** • CFIA participated in 210 external stakeholder events (meetings, webinars, teleconferences, videoconferences), reaching more than 7,300 people. Discussion topics: transformation initiatives and supporting policies such as the integrated Agency Inspection Model (iAIM), food labelling modernization and the risk-based regulatory modernization approach. • The Healthy and Safe Food Regulatory Forum was held in June 2014: 250 external stakeholders participated and discussed elements of the Agency's ongoing modernization efforts. • Developed a draft Compliance Promotion Strategy to encourage and facilitate regulated parties' understanding of their regulatory requirements. • Continued to enhance the official CFIA Guidance Document Repository which is centralized on the website to provide inspectors and industry with easy access to accurate official regulatory documents.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Transparency and Leveraging Relationships *continued*	**International Engagement** CFIA continued to advance Canadian positions at international standard setting bodies meetings. For instance: • Led and coordinated Canada's Sanitary and Phytosanitary (SPS) input into various World Trade Organization (WTO) fora. • Led Canada's participation at the International Plant Protection Convention (IPPC), the World Organization for Animal Health (OIE); and in certain committees of the Codex Alimentarius Commission to promote the development of international science-based standards consistent with Canada's regulatory framework. • Provided technical assistance to developing countries in accordance with the WTO SPS Agreement to facilitate the development and implementation of sanitary and phytosanitary measures based on sound science. • Work continued on initial Regulatory Cooperation Council (RCC) and Beyond the Border (BtB) initiatives: ○ To enhance regulatory cooperation with the United States, the CFIA successfully negotiated four (4) enhanced work plans with the United States in the areas of meat inspection and certification, plant health, animal health, and food safety. ○ Progress made on finalizing a guidance document for the Canada-US Zoning arrangement for the Recognition of Foreign Animal Disease Control and Eradication Zones. This was one of the 29 initiatives included in the Joint Action Plan completed for the RCC where Canada and the U.S. will seek greater alignment in their regulatory approaches over the coming two years.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Emergency Management **The ability to respond to multiple simultaneous or large-scale emergencies.** The CFIA has a well-planned emergency preparedness and response capacity. However threat environments continue to evolve, requiring regular updating of plans and responses to reflect changes and find efficiencies to ensure that the Agency maintains a minimum of essential business functions during emergencies.	• FPT Agriculture Ministers supported the development of an emergency management framework and the CFIA collaborated with the provinces to develop a Strategic Emergency Management Framework, that includes the management of plant and animal health risks. The vision for the framework is to develop a collaborative, comprehensive and risk-based approach to achieving the common goals of reducing and managing risks, while building sector resilience through continuous improvement. • Effectively managed major emergency situations with the collaboration of its provincial and industry partners by rapidly mobilizing resources: ◦ Swiftly responded to an Avian Influenza (AI) outbreak in British Columbia in December 2014 and established a primary control zone in the area where the disease was identified to prevent spreading. ◦ Continued to engage partners and stakeholders to review Canada's BSE programming and began communicating the Canadian long-term approach to BSE disease control in the wake of the identification of a cow with BSE in February 2015 in Alberta, which had a birth year of 2009. ◦ Swiftly and effectively responded to outbreaks in Nova Scotia of (Infectious Salmon Anemia (ISA) by maintaining site control, destroying or composting fish as well as cleaning and disinfecting affected sites and plants. ◦ Mobilized resources and responded effectively to a case of Porcine Epidemic Diarrhea (PED) in February 2014. PED poses no risk to human health or food safety. ◦ Effectively managed the incursion of Asian Long-horned Beetle (ALHB) in Ontario. In collaboration with the province and local authorities, established a regulated area to help eliminate the pest.	Linked to the CFIA's Strategic Outcome of a safe and accessible food supply and plant and animal resource base.

Actual Expenditure

The increase from planned to actual spending of $226.9 million and 553 FTEs reflects incremental activities funded via the 2014–15 Supplementary Estimates, increased Statutory authority expenditures, as well as significant expenditures made on behalf of the Treasury Board (parental and maternity allowances, entitlements on cessation, etc.), for which the Agency received allocations from Treasury Board Votes.

Through the 2014–15 Supplementary Estimates, Agency funding was renewed for: Bovine Spongiform Encephalopathy (BSE); maintenance of a daily shift inspection presence in all federally registered meat processing establishments; and participation in the Government of Canada Genomics Research and Development Initiative. In addition, new resources were provided to: establish a Food Safety Information Network to strengthen the ability to detect and respond to food hazards; to implement enhanced food safety oversight programming; and, to undertake activities to improve market access for Canadian agricultural products. Funding for all of these initiatives was not reflected in the Agency's 2014–15 planned spending, as it had not yet been approved by Parliament.

It should be noted that the Agency incurred substantial one-time disbursements in 2014–15 related to government-wide workforce initiatives, including the transition to salary payments in arrears and the cash out of accumulated severance. As well, the Agency ratified all outstanding collective agreements resulting in significant one-time retroactive salary settlement payments. These extraordinary one-time payments account for the majority of the increase from Planned to Actual Spending, and result in increased spending levels in 2014–15 in all but one program. The Animal Health and Zoonotics Program had a net decrease in 2014–15 due to a significant decline from previous years in statutory compensation payments made under the *Health of Animals Act*.

A comparison of authorities available for use and actual spending yields $34.7 million of unused 2014–15 authorities. These lapsing resources relate to delays in the implementation of various initiatives, as well as frozen resources (required lapses related to reprofiling of funding into future years, and incremental employee benefit plan contributions for retroactive salary settlement payments).

Budgetary Financial Resources – (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for Use	2014–15 Actual Spending (authorities used)	Difference (actual minus planned)
619,327,735	621,575,735	883,214,647	848,492,889	226,917,154

Human Resources (Full-time equivalents - FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
5,585	6,138	553

Budgetary Performance Summary Table for Strategic Outcome and Program(s) (dollars)

Strategic Outcome, Program(s) and Internal Services	2014–15 Main Estimates	Planned Spending			2014–15 Total Authority Available for use	Actual Spending (authorities used)		
		2014–15	2015–16	2016–17		2014–15	2013–14	2012–13
Strategic Outcome: A safe and accessible food supply and plant and animal resource base								
Food Safety Program	320,103,652	320,982,081	363,836,779	330,823,048	448,414,176	421,520,442	364,310,525	353,600,998
Animal Health and Zoonotics Program	89,781,512	90,674,321	114,552,020	114,141,479	164,128,295	162,039,970	187,939,265	175,425,417
Plant Resources Program	75,006,452	75,532,299	76,730,103	75,937,906	92,020,456	90,262,195	86,537,966	88,983,164
International Collaboration and Technical Agreements	25,382,494	25,382,494	34,682,935	34,642,625	41,139,746	40,718,768	35,004,557	33,338,750
Subtotal	**510,274,110**	**512,571,195**	**589,801,837**	**555,545,058**	**745,702,673**	**714,541,375**	**673,792,313**	**651,348,329**
Internal Services Subtotal	109,053,625	109,004,540	115,750,051	113,472,070	137,511,974	133,951,514	131,959,340	130,707,396
Total	**619,327,735**	**621,575,735**	**705,551,888**	**669,017,128**	**883,214,647**	**848,492,889**	**805,751,653**	**782,055,725**

Alignment of Spending With the Whole-of-Government Framework

Alignment of 2014–15 Actual Spending with the Whole-of-Government-Framework Spending[xvi] (dollars)

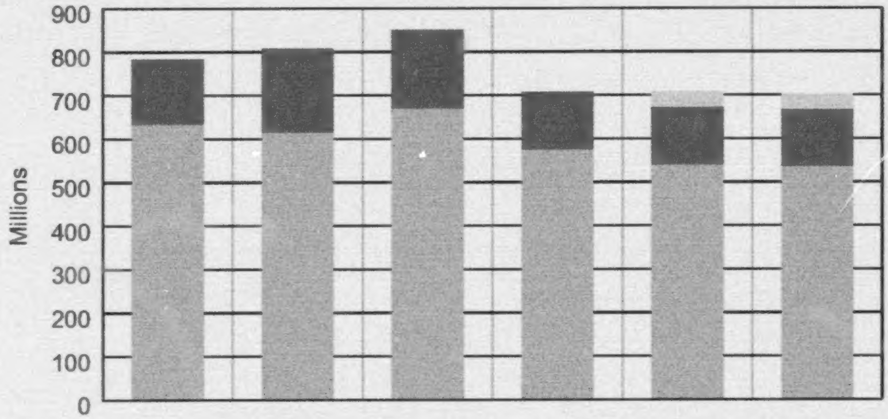
Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2014–15 Actual Spending
A safe and accessible food supply and plant and animal resource base	Food Safety Program	Social Affairs	Healthy Canadians	421,520,442
	Animal Health and Zoonotics Program	Social Affairs	Healthy Canadians	162,039,970
	Plant Resources Program	Economic Affairs	A clean and healthy environment	90,262,195
	International Collaboration and Technical Agreements	International Affairs	A prosperous Canada through global commerce	40,718,768

Total Actual Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Social Affairs	411,656,402	583,560,412
Economic Affairs	75,532,299	90,262,195
International Affairs	25,382,494	40,718,768
Government Affairs	0	0

Departmental Spending Trend

Departmental Spending Trend Graph



	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
▫ Sunset Programs – Anticipated	0.0	0.0	0.0	0.2	36.2	36.6
■ Statutory	151.9	194.0	181.3	134.6	132.0	131.9
▨ Voted	630.2	611.7	667.2	570.9	537.0	532.1

The Agency's overall spending has increased from 2012–13 to 2014–15 by approximately 8%. This is as a result of additional funding received for various initiatives, one-time disbursements in 2014–15, partially offset by the implementation of Budget 2012 savings initiatives.

It should be noted that the Agency has achieved these savings: mainly through efficiencies, such as internal administrative services; as well as program changes to improve services and facilitate trade, such as implementing agreed upon changes with the provinces with respect to the delivery of certain inspection activities under provincial jurisdiction; and, more effective response to animal diseases and plant pests. The Agency has not reduced staff or cut programs that would in any way impact food safety or place the health and safety of Canadians at risk.

Spending is forecasted to remain stable from 2015–16 through to 2017–18, including the anticipated renewal of sunsetting resources. The Agency will assess the level of resources required for initiatives sunsetting in 2016–17 and 2017–18, and will seek renewal as required to maintain and continuously improve Canada's strong food safety system, and safe and accessible food supply and plant and animal resource base.

Estimates by Vote

For information on Canadian Food Inspection Agency's organizational Votes and statutory expenditures, consult the *Public Accounts of Canada 2015*,[xvii] which is available on the Public Works and Government Services Canada website.[xviii]

Section II: Analysis of Programs by Strategic Outcome

This section details the CFIA's planned activities for its strategic outcome as informed by a number of factors, including Government and Agency priorities, the Agency's Corporate Risk Profile, and the application of lessons learned. Lessons learned may be derived from a variety of sources, including: internal and external audits; internal program evaluations; stakeholder feedback and consultation; information from performance measurement (including quality management); and structured post-incident analysis following significant events such as an animal disease outbreak or a serious food safety recall. This section features key areas on which the CFIA focused its efforts during the last fiscal year.

Section II reporting at the lowest level of CFIA's Treasury Board approved Program Alignment Architecture, the Sub-Program level, was introduced in 2014–15. The CFIA worked hard to accurately align its spending plans and FTEs to meet these expanded reporting requirements. However, while preparing the 2014–15 DPR, it was noticed that some spending plans and FTEs did not properly align with the corresponding activities and amounts stated in the 2014–15 Report on Plans and Priorities. The Agency is making every effort to enable better representation in future planning exercises.

In addition, it should be noted that spending differences are not correlated to FTE differences. Many factors affected the Program and Sub-Program distribution of the substantial one-time disbursements in 2014–15 related to government-wide workforce initiatives (i.e. the cash out of accumulated severance) including employee demographics and program uptake. As a result, comparisons between program and sub-program spending and FTEs do not provide meaningful or indicative analysis of information.

Assessment of Performance Targets

Performance targets for compliance rates are qualitative or quantitative goals set by the CFIA that provide a basis for measuring the performance of regulated parties and the Agency toward achieving expected results. The targets in this report are for critical program areas and based either on historical averages of actual performance or on the expected results of effective programming (e.g. rate of industry compliance with regulatory standards). The CFIA has assessed the extent to which performance has met or exceeded established targets and provided analysis when performance has fallen below targets. Targets for programs that monitor activities are set differently than for programs that focus on specific areas of non-compliance. In terms of compliance rates, the CFIA deems a performance variance of +/- 2% (percent) to be "Met". The methodology used in assessing the actual performance of each indicator is available on our website[xix].

Strategic Outcome: A Safe and Accessible Food Supply and Plant and Animal Resource Base

Mitigating risks to food safety is the CFIA's highest priority. Safeguarding the health and well-being of Canada's people, environment, and economy is the driving force behind the design and development of the CFIA's programs. The CFIA, in collaboration and partnership with industry, consumers, universities, and federal, provincial and municipal organizations, continued to work towards protecting Canadians from preventable health risks related to food and zoonotic diseases.

To support Canadian agriculture and the ability of agri-food businesses to enter domestic and global markets and compete successfully therein, the CFIA continued to develop and enforce regulatory and program frameworks for imports and exports that meet both Canadian and international requirements. To that end, the CFIA engaged in outreach and consultation activities with key stakeholders and partners (including those in industry), consumers, and international trade and standards organizations. The CFIA thus maintained open and transparent communication with its stakeholder and consultative groups.

The CFIA also focused on several horizontal initiatives aimed at contributing to consumer protection. Over the past year, the CFIA enhanced stakeholder engagement on Agency transformation, continued to advance its food labelling modernization and transparency initiatives and to deliver on its many day to day operational activities. The day to day activities included public food recall notices and import border blitzes designed to identify and intercept imported food items that may pose a health threat to Canadians.

In April 2014, the CFIA operationalized its 16 National Centres of Operational Guidance and Expertise (NCOGEs) across Canada. Each NCOGE operates as a single window and provides consistent technical advice, interpretation, guidance and specialized knowledge to the CFIA front-line inspectors and regulated parties. NCOGEs consolidate program and administrative expertise to improve the effectiveness, efficiency, consistency and quality of service delivery.

The CFIA continued work on its 2017–18 Program Alignment Architecture (PAA) and its supporting Performance Measurement Framework (PMF). The major changes include a revised Strategic Outcome Statement, change in number of programs and a revamped Food Program that moves from a multiple commodity structure to a Single Food approach, to align with Agency transformation.

The *Agricultural Growth Act* received Royal Assent on February 25, 2015. The *Agricultural Growth Act* will modernize and strengthen federal agriculture legislation, support innovation in the Canadian agriculture industry and enhance global market opportunities for Canadians.

To successfully deliver on its Strategic Outcome, the CFIA uses a robust risk management discipline, and fosters its use throughout the Agency. As such, the CFIA continually monitors and assesses its operating environment in order to be aware of the threats and opportunities potentially impacting the achievement of its desired outcome. A cornerstone of its risk management process is the development of an Agency-wide Corporate Risk Profile (CRP).

To mitigate the risks and achieve its strategic outcome, the Agency, through the actions of its program activities (Food Safety, Animal Health and Zoonotics, Plant Resources, International Collaboration and Technical Agreements), concentrated its 2014–15 efforts on the delivery of key initiatives that support the CFIA's four priorities:

- An increased focus on **prevention** which will provide an opportunity to minimize risks to human, animal and plant health;
- An enhanced focus on **service excellence** that will improve CFIA effectiveness;
- A focus on internal **performance excellence** to adapt and meet new demands and expectations; and
- A focus on **people** who are supported by training and tools

Program 1.1: Food Safety Program

Description

The Food Safety Program aims to mitigate risks to public health associated with diseases and other health hazards in the food supply system and to manage food safety emergencies and incidents. The program achieves its objectives by promoting food safety awareness through public engagement and verification of compliance by industry with standards and science-based regulations. The program delivers initiatives to verify that consumers receive food safety and nutrition information and to mitigate unfair market practices targeting consumers and industry. Collaboration with other governments and stakeholders further enhances the Agency's ability to track, detect and mitigate risks associated with food and the food supply system, including food-borne illness. This program supports public health and instils confidence in Canada's food system.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
320,103,652	320,982,081	448,414,176	421,520,442	100,538,361

Human Resources (Full-Time Equivalents — FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
2,940	3,250	310

The increases from Planned to Actual Spending of $100.5 million and 310 FTEs are mainly due to: incremental food safety activities funded via the 2014–15 Supplementary Estimates; as well as considerable one-time disbursements related to government-wide workforce initiatives and the retroactive salary settlement payments.

Additional 2014–15 resources were received from the government to: establish a Food Safety Information Network to strengthen the ability to detect and respond to food hazards; implement an enhanced food safety oversight program; and maintain a daily shift inspection presence in all federally registered meat processing establishments.

Table 2-1a: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Risks to the Canadian public associated with the food supply system are mitigated	Number of commodity areas where federally-registered establishments meet established compliance targets	6 out of 6 met	5 out of 6 met*	
	Percentage of Public Warnings for Class I food recalls that are issued within 24 hours of a recall decision	100 %	99.6**%	Met
	Percentage of Public Warnings for Class II food recalls that are issued within 24 hours of a recall decision	95%	100%	Met
Domestic and imported food products are compliant with Canadian regulations and international agreements	Number of commodity areas where domestic food products meet established compliance targets	6 out of 6 met	6 out of 6 met	
	Number of commodity areas where imported food products meet established compliance targets	6 out of 6 met	4 out of 6 met***	

Performance Analysis and Lessons Learned

These are roll-up indicators from the Sub-Program level.

* The Fresh Fruit and Vegetable Sub-Program did not meet its target. Enforcement action letters were issued to 6 out of 87 Registered Produce Warehouses (RPW). All the enforcement action letters were related to non-food safety issues. All corrective actions requested for each non-compliant RPW issues were met. The existing regulatory framework for the FFV sector has undergone an intensive and extensive regulatory review during the development of the proposed *Safe Food for Canadians Regulations*.

** One recall was not posted within the 24 hour time standard due to technological issues with the Web Content Management System application that is used to publish recalls to the CFIA's website. As a result, new procedures have been established, and the Agency will continue to closely monitor the publishing of recalls to ensure the 24 hour time standard is achieved.

*** The Dairy Sub-Program and the Fish and Seafood Sub-Program did not meet one of their targets each.

Dairy Sub-Program: 45 out of 313 composition sampling of imported cheese samples were not compliant for % milk fat and/or % moisture declarations on the label. There is no health and safety risk associated with these non-compliances but misrepresentation of label information.

Fish and Seafood Sub-Program: The non-compliance refers only to imported fish and seafood products. The overall compliance rate increased to 89% from 85% last year. The main contributor to non-compliance was sensory evaluation rejections. Sensory evaluations are performed to verify the level of fish quality (i.e. level of freshness), which few foreign countries inspect or monitor. Sensory evaluation rejections made up 43% of the random inspection rejections and implicated 50% of the packers whose fish were found non-compliant. The products, their origin and packers vary and the compliance rate for this analysis alone is similar to last year's compliance. To address the issue, the CFIA enhanced the basic compliance verification inspections tasks for inspectors and the verifications are expected to result in higher detections, which in turn are expected to push importers to improve their level of compliance.

Other reasons for product rejections for Fish and Seafood included bacterial contamination with Salmonella, moisture, drug residues, and misuse of additives. However, there was no trend relative to a particular product, processor, or country of origin. There is no apparent systematic problem that is causing this non-compliance.

Regulatory Modernization

In 2014–15, The CFIA continued to make progress against the Safe Food for Canadians Action Plan, launched in 2013 as a roadmap to assist the Agency in building an even stronger food safety system for Canadians. Key achievements include:

- Completed drafting regulations in anticipation of the coming-into force of the *Safe Food for Canadians Act (SFCA)*, including the consolidation of 13 sets of existing food inspection regulations. A third round of engagement with industry has been launched, with a focus on micro and small businesses. In addition, a base suite of interpretive guidance documents has been drafted and will continue to evolve with the proposed regulations.
- The Healthy and Safe Food Regulatory Forum held in June 2014 to enable external stakeholders learn about and discuss elements of the Agency's ongoing modernization. Following the Forum, the CFIA received over 400 formal submissions from stakeholders on various Agency Transformation consultation documents, contributing to the advancement of the *Safe Food for Canadians Regulations*.
- Extensive engagement sessions on food labelling modernization occurred and a "What We Heard" report was published in collaboration with Health Canada. A food labelling modernization engagement summary report of the key issues was also produced.
- A web-based Industry Labelling Tool was introduced, with more than 1,500 pages of labelling information and features content organized by subject. Information sessions were held to familiarize industry groups with this new resource.

Risk Based Oversight (RBO) Framework to Further Modernize Canada's Food Safety System

In 2014–15, the CFIA continued to enhance its risk-based approach to oversight activities through the continued development of a Risk Assessment (RA) Model for licensed domestic food producing establishments. The model will provide a standard and consistent tool to inform CFIA oversight decisions. The CFIA worked with scientific experts (academia), industry, and other government partners on a pilot project that tested a preliminary version of the RA Model with 49 meat and poultry and 29 dairy establishments. A plan was developed for implementation of an expanded model that includes multiple commodities.

Continuing with Single Food Safety Regulatory Regime and Inspection Model to Support Agency Modernization

In support of the Agency's modernization agenda, the CFIA continued the implementation of its Single Food Program and corresponding new organizational design. Branch re-alignment initiatives have been completed to prepare for the delivery of regulations and enforcement activities in line with the new integrated Agency Inspection Model (iAIM). Training frameworks to support the new organizational design were developed.

The iAIM was finalized in 2014–15 and implementation of some components of the model has begun. The iAIM sets out a standardized inspection process, bringing a level of consistency to the inspection process across business lines and commodities.

Enhancing Detection and Responsiveness to Food-Borne Incidents

In 2014–15, Treasury Board approved funding for the Canadian Food Safety Information Network (CFSIN), an initiative that will improve Canada's ability to anticipate, detect and respond to food-borne threats and hazards. This Network will connect food safety authorities and laboratories. Using a secure web platform, the network will share surveillance information and food safety data on a regular basis as well as during food safety investigations and emergencies.

Over the past year, a governance and organizational structure was established for CFSIN and federal and provincial partners have been engaged.

Leveraging Social Media to Communicate about Food Safety

To continue to better inform Canadians about food safety, including recalls or other incidents, the CFIA published approximately 1,000 food recalls and allergy alerts through our Facebook and Twitter accounts. The Agency used social media to communicate recalls and allergy alerts as they happen - 24 hours a day, 7 days a week, 365 days of the year.

The CFIA proactively published over 200 tweets and 180 Facebook food safety outreach postings on topics such as: safe food handling and storage, food safety around the holidays, food allergens and food safety for vulnerable populations. The Agency continued to collaborate with portfolio partners by sharing information on food safety and further increasing the reach of messaging.

E-mail alerts were also sent for each recall and alert to over 50,000 listserv subscribers on the Food Recall and Allergy Alert e-mail subscription list.

National Centres of Operational Guidance and Expertise for Enhanced Program Delivery

In 2014–15, the CFIA launched the operation of the National Centres of Operational Guidance and Expertise, aimed at improving program support and interpretation functions, increasing consistency in the advice, guidance and direction provided to the inspectorate and centralizing the subject matter expertise within a single Branch.

Sub-Program 1.1.1: Meat and Poultry

Description

The Meat and Poultry sub-program aims to mitigate risks associated with meat and poultry and their products that are produced in Canada's federally registered establishments or imported for consumption. The program achieves its objectives by verifying that meat, poultry and their products meet health and safety requirements through verification of compliance with the relevant governing acts and regulations. The program also helps to mitigate unfair market practices related to labelling compliance for pre-packaged meat products, and audits the delivery of a grading program based on objective meat quality and retail yield standards. The Meat and Poultry sub-program supports confidence in Canada's meat and poultry and their products.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
169,053,246	241,204,021	72,150,775

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
1,599	1,832	233

The increases from Planned to Actual Spending of $72.2 million and 233 FTEs are mainly due to the renewal of funding to support food safety priorities, such as the maintenance of increased frequency of food inspections in meat processing establishments and the continuation of a comprehensive strategy for managing Bovine Spongiform Encephalopathy. In addition, the Agency incurred one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments.

Table 2-1b: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Federally registered meat and poultry establishments meet federal regulations	Percentage of inspected federally registered meat and poultry establishments in compliance with federal regulations	98%	97.7%	Met
Meat and poultry products for domestic consumption meet federal regulations	Percentage of tested domestic meat and poultry products in compliance with federal regulations	95%	97.7%	Met
	Percentage of tested imported meat and poultry products in compliance with federal regulations	95%	99.6%	Met

Performance Analysis and Lessons Learned

Modernized Slaughter Inspection Program (MSIP)

In 2014–15, as part of the Modernized Slaughter Inspection Program, the CFIA collaborated with the University of Montreal to develop a risk assessment report on the incision of mandibular lymph nodes of pork. The first phase of updates to the disposition catalogues was also completed.

Administrative Monetary Penalties to Strengthen Food Inspection

To further strengthen Canada's food inspection system, the final regulatory amendment to implement Administrative Monetary Penalties under the *Meat Inspection Act* and *Regulations* was published in the Canada Gazette II in 2014–15.

Supporting Market Access to the USA for Meat

In 2014–15, the CFIA collaborated with its American counterparts of the Beyond the Border (BtB) and Regulatory Cooperation Council (RCC) initiatives to re-confirm equivalence status of the Canadian and US meat inspection systems, to publish a meat cut manual to harmonize Canadian and US meat nomenclature and to develop a joint meat work plan with the US Food Safety and Inspection Service.

Enhancing the Pathogen Reduction Initiative

As part of the Pathogen Reduction Initiative, aimed at decreasing the health risk impact of foodborne pathogens in Canadian meat and poultry, a technical report on a Microbiological Baseline Study for poultry was completed. Industry stakeholders and FPT partners have been engaged throughout and were informed of the results of the baseline study. Two baselines studies were designed and pilot studies commenced for the beef component of the initiative.

Sub-Program 1.1.2: Egg

Description

The Egg sub-program aims to mitigate risks associated with egg and egg products that are produced in Canada's federally registered establishments or imported for consumption. The program achieves its objectives by verifying that eggs and egg products are graded according to relevant governing acts and regulations and that they comply with the requirements of the said acts and regulations. The program also helps to mitigate unfair market practices by verifying that labelling and advertising practices meet the requirements for pre-packaged egg products. This sub-program supports confidence in Canada's egg and egg products.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
8,441,751	10,660,299	2,218,548

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
82	81	(1)

The increase from Planned to Actual Spending of $2.2 million is mainly due to one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments, while FTEs in the Egg program remained stable.

Table 2-1c: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Federally registered shell egg establishments meet federal regulations	Percentage of inspected federally registered shell egg establishments in compliance with federal regulations	98%	97.0%	Met
Shell egg and egg products for domestic consumption meet federal regulations	Percentage of tested domestic shell egg and egg products in compliance with federal regulations	95%	98.7%	Met
	Percentage of tested imported shell egg and egg products in compliance with federal regulations	95%	98.9%	Met

Performance Analysis and Lessons Learned

Partnering to Manage Avian Influenza (AI) Outbreaks

The Egg Program and the sector were affected by Avian Influenza (AI) outbreaks that occurred in British Columbia, Canada and in five northwestern states (California, Idaho, Oregon, Utah, and Washington) of the United States between December 2014 and January 2015. CFIA's Food and Animal Health Business Lines as well as trading partners worked together to manage the outbreaks and minimize the spread of the virus and any potential effect to human health.

Sub-Program 1.1.3: Dairy

Description

The Dairy sub-program aims to mitigate risks associated with dairy and dairy products that are produced in Canada's federally registered establishments or imported for consumption. The program achieves its objectives by verifying that dairy and dairy products meet health and safety requirements through verification of compliance with the governing acts and regulations. The program also helps to mitigate unfair market practices by verifying that labelling for pre-packaged dairy products meets the requirements as set out in the acts and regulations. This sub-program supports confidence in Canada's dairy products.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
10,912,842	16,996,559	6,083,717

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
111	131	20

The increase from Planned to Actual Spending of $6.1 million is partially due to one-time disbursements related to government-wide workforce initiatives and the retroactive salary settlement payments.

The CFIA worked hard to accurately align its spending plans and FTEs to meet the expanded reporting requirements introduced in 2014–15. However, while preparing the 2014–15 DPR, it was noticed that some spending plans and FTEs, including the FTEs of the Dairy sub-program, did not properly align with the corresponding activities and amounts.

Table 2-1d: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Federally registered dairy establishments meet federal regulations	Percentage of inspected federally registered dairy establishments in compliance with federal regulations	98%	98.0%	Met
Dairy products for domestic consumption meet federal regulations	Percentage of tested domestic dairy products in compliance with federal regulations	95%	96.1%	Met
	Percentage of tested imported dairy products in compliance with federal regulations	95%	90.6*%	Not Met

Performance Analysis and Lessons Learned

* 45 out of 313 Composition sampling of imported cheese samples were not compliant for % milk fat and/or % moisture declarations on the label. There is no health and safety risk associated with these non-compliances but misrepresentation of label information.

12 out of 291 of dairy samples were unsatisfactory for microbiology. Imported cheese found to be non-compliant for microbiology are placed on directed sampling until 10 consecutive lots are found to be satisfactory. Products tested for microbiology are typically held by the importer until results are received to avoid recalls due to unsatisfactory results.

The CFIA takes appropriate actions when dairy products do not meet Canadian standards. Actions may include, but are not limited to, additional inspections, further directed sampling, or product seizure and/or recall.

Supporting Market Access for Dairy Products

In 2014–15, the CFIA continued to support market access for Canadian dairy producers. An audit of Canada's Dairy Program, conducted by China's Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), allowed for the Chinese market to remain open to Canadian producers. In March 2015, Algeria accepted CFIA's proposal and a certification process for dairy products being exported to Algeria was established and the first certificate issued in April 2015.

Sub-Program 1.1.4: Fish and Seafood

Description

The Fish and Seafood sub-program aims to mitigate risks associated with fish and seafood products processed in Canada's federally registered establishments or imported for consumption. It achieves its objectives by developing product and process standards and ensuring that products, importers and domestic industry comply with quality, safety and identity of fish and seafood requirements through verification of compliance with the governing acts and regulations. This sub-program supports confidence in Canada's fish and seafood products.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
43,593,686	60,159,985	16,566,299

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
406	433	27

The increases from Planned to Actual Spending of $16.6 million and 27 FTEs are mainly due to incremental funding provided to the Agency for the implementation of an enhanced food safety oversight program. In addition, actual spending included one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments.

Table 2-1e: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Federally registered fish and seafood establishments meet federal regulations	Percentage of inspected federally registered fish and seafood establishments in compliance with federal regulations	98%	98.7%	Met
Fish and seafood products for domestic consumption meet federal regulations	Percentage of tested domestic fish and seafood products in compliance with federal regulations	95%	97.6%	Met
	Percentage of tested imported fish and seafood products in compliance with federal regulations	95%	89.0*%	Not Met

Performance Analysis and Lessons Learned

* The non-compliance refers only to imported fish and seafood products. The overall compliance rate increased to 89% from 85% last year. The main contributor to non-compliance was sensory evaluation rejections. Sensory evaluations are performed to verify the level of fish quality (i.e. level of freshness), which few foreign countries inspect or monitor. Sensory evaluation rejections made up 43% of the random inspection rejections and implicated 50% of the packers whose fish were found non-compliant. The products, their origin and packers vary and the compliance rate for this analysis alone is similar to last year's compliance. The CFIA enhanced the basic compliance verification inspection tasks for inspectors and the verifications are expected to result in higher detections, which in turn are expected to push importers to improve their level of compliance.

Other reasons for product rejections for Fish and Seafood included bacterial contamination with Salmonella, moisture, drug residues, and misuse of additives. However, there was no trend relative to a particular product, processor, or country of origin. There is no apparent systematic problem that is causing this non-compliance.

Supporting Market Access for Fish and Seafood

In 2014–15, the CFIA continued to support market access for Canadian producers through the maintenance of fish and shellfish trade agreements. Activities included the advancement of trade issues with China's Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) Fish and Seafood Working Group, as well as with the European Union's Directorate General for Health and Consumers (SANCO).

An emergency plan was established in response to the unanticipated Russian embargo on Canadian meat and seafood exports. Through regular active engagement with the Canadian fish industry, the vast majority of the embargoed containers of products in-transit to Russia found alternative markets, thereby minimizing industry losses.

Systems-Based Fish Export Certification in Support of Inspection Modernization

To support enhancements to export certification controls for fish and seafood exports, manuals for inspectors were updated and published and a revised systems-based approach to issue fish export certificates is being developed.

Sub-Program 1.1.5: Fresh Fruit and Vegetables

Description

The Fresh Fruit and Vegetables sub-program aims to mitigate risks associated with fresh fruits and vegetables and their products produced in Canada or imported for consumption. It achieves its objectives by verifying that products meet all stipulated health and safety requirements through verification of compliance with the relevant governing acts and regulations. This sub-program mitigates unfair market practices by verifying that labelling and net quantity requirements for pre-packaged Fresh Fruit and Vegetable products are adhered to. This sub-program supports confidence in Canada's fresh fruit and vegetable products.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
24,814,290	27,078,567	2,264,277

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
217	221	4

The increases from Planned to Actual Spending of $2.3 million and 4 FTEs are mainly due to incremental funding provided to the Agency for implementation of an enhanced food safety oversight program. As well, actual spending includes one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments.

Table 2-1f: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Federally registered fresh fruit and vegetables establishments meet federal regulations	Percentage of inspected federally registered fresh fruit and vegetable establishments in compliance with federal regulations	98%	90.9*%	Not Met
Fresh fruit and vegetable products for domestic consumption meet federal regulations	Percentage of tested domestic fresh fruit and vegetable samples in compliance with federal regulations	95%	98.8%	Met
	Percentage of tested imported fresh fruit and vegetables samples in compliance with federal regulations	95%	96.8%	Met

Performance Analysis and Lessons Learned

*This performance indicator target was not met. Enforcement action letters were issued to 6 out of 87 Registered Produce Warehouses (RPW). All the enforcement action letters were related to non-food safety issues. All corrective actions requested for each non-compliant RPW issues were met. The existing regulatory framework for the FFV sector has undergone an intensive and extensive regulatory review during the development of the proposed *Safe Food for Canadians Regulations*.

Inspection Modernization for Fresh Fruits and Vegetables

To mitigate food safety risks associated with fresh fruits and vegetables, the CFIA pursued new inspection and oversight activities as part of the Fresh Fruit and Vegetable Program Modernization initiative, including the completion of Part II of a technical review of CanadaGAP, a private food safety certification program, as well as the development of a plan for conducting non-meat foreign country assessments. A Code of Practice for Minimally Processed Fresh Fruits and Vegetables was completed and the Agency engaged in outreach activities with the Canadian Produce Marketing Association and the Canadian Horticultural Council.

Sub-Program 1.1.6: Processed Products

Description

The Processed Products sub-program aims to mitigate risks associated with processed products, including honey and maple products, which are produced in Canada or imported for consumption. The program achieves its objectives by verifying that processed products comply with health and food safety requirements through verification of compliance with the relevant governing acts and regulations. This sub-program minimizes unfair market practices by verifying that labelling and net quantity requirements for pre-packaged processed products are adhered to. The program supports confidence in Canada's processed products.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
11,201,144	11,409,006	207,682

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
102	97	(5)

The increase from Planned to Actual Spending of $0.2 million is mainly one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments.

The CFIA worked hard to accurately align its spending plans and FTEs to meet the expanded reporting requirements introduced in 2014–15. However, while preparing the 2014–15 DPR, it was noticed that some spending plans and FTEs, including the FTEs of the Processed Products sub-program, may not have properly aligned with the corresponding activities and amounts.

Table 2-1g: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Federally registered processed products establishments meet federal regulations	Percentage of inspected federally registered processed products establishments in compliance with federal regulations	98%	96.8%	Met
Processed products for domestic consumption meet federal regulations	Percentage of tested domestic processed products in compliance with federal regulations	95%	98.1%	Met
	Percentage of tested imported processed products in compliance with federal regulations	95%	96.2%	Met

Performance Analysis and Lessons Learned

Regulatory Modernization for Maple Syrup Products

In 2014–15, the CFIA amended the *Maple Products Regulations* in order to facilitate the trade of maple syrup with the United States and reduce consumer confusion on maple syrup grades and colour classes. The amendments standardize different grades and colour classes of maple syrup and create a harmonized definition and grading system between the United States and Canada. The changes do not impact food safety regulations or food safety monitoring for pure maple syrup. The introduction of production codes and/or lot numbers will assist the CFIA and the industry in confirming the removal of potentially unsafe maple syrup from the market. Industry has two years to transition to the new regulations.

Sub-Program 1.1.7: Imported and Manufactured Food Products

Description

The Imported and Manufactured Food Products sub-program aims to mitigate risks associated with food commodities that are regulated by the relevant governing acts and regulations. The CFIA and provincial/territorial governments share the jurisdiction over IMFP because the sector includes a large variety of foods that are traded intra-provincially or inter-provincially. This program achieves its objectives by verifying that these products comply with the health, food safety, and consumer protection requirements. The program mitigates unfair market practices by verifying that requirements related to net quantity, composition, claims, labelling, and advertising of these foods are adhered to and by enforcing the governing acts and regulations. Through enforcement of the acts and regulations, the program supports confidence in Canada's imported and manufactured food products.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
52,965,122	54,012,005	1,046,883

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
423	455	32

The increases from Planned to Actual Spending of $1.0 million and 32 FTEs are mainly due to incremental funding provided to the Agency for the implementation of an enhanced food safety oversight program. In addition, actual spending includes one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments.

Table 2-1h: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Risks to the Canadian public associated with imported and manufactured food (IMF) products are mitigated	Percentage of major health risks in the imported and manufactured food sector that are addressed through the annual update to food safety inspection programs	95%	100%	Met
	Percentage of inspected IMF products with accurate net quantity, composition, labelling and advertising	70%	73.1%	Met

Performance Analysis and Lessons Learned

Regulatory Modernization for Imported and Manufactured Food Products

In 2014–15, the requirements for the *Imported Food Sector Products Regulations* were integrated into the overarching draft *Safe Food for Canadians Regulations* (SFCR) to ensure industry readiness and convergence. Interpretive guidance was completed for the import and export-related provisions of the SFCRs and a step-by-step guide was developed for small importers to assist in understanding and meeting the proposed preventive control plan requirements under the SFCR. A checklist was developed for small importers, to be used to assess their readiness for these regulations.

Program 1.2: Animal Health and Zoonotics Program

Description

The Animal Health and Zoonotics Program aims to mitigate risks to Canada's animal resource base, animal feeds and animal products, which are integral to a safe and accessible food supply system as well as to public health. The program achieves its objectives by mitigating risks to Canada's animals (including livestock and aquatic animals) from regulated diseases, managing animal disease emergencies and incidents, limiting risks to livestock and derived food products associated with feed, promoting animal welfare and guarding against deliberate threats to the animal resource base. The program helps to mitigate risks associated with animal diseases that can be transmitted to humans by controlling diseases within animal populations. This program supports the health of Canada's animal resources and instils confidence in the safety of Canada's animals, animal products and by-products, and production systems.

Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
89,781,512	90,674,321	164,128,295	162,039,970	71,365,649

Human Resources (Full-Time Equivalents — FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
801	1,012	211

The increases from Planned to Actual Spending of $71.4 million and 211 FTEs are mainly due to: the renewal of funding to support BSE activities; considerable one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments; the realignment of resources to address the Avian Influenza outbreak; and, an increase in statutory compensation payments.

Table 2-2a: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Risks to Canadians from the transmission of animal diseases to humans are minimized	Number of reportable animal diseases that have entered into Canada via specified regulated pathways	0	0	Met
	Percentage of cases where investigations were completed following the positive identification of a reportable zoonotic disease	100%	100%	Met
Domestic and imported animals and animal products are compliant with Canadian regulations and international agreements	Percentage of legally exported animal and animal product shipments destined for foreign markets that meet certification requirements	99%	100%	Met
	Canada's status on the OIE[5] disease risk status lists remains either "free, controlled risk, or negligible risk"	Status maintained	Status maintained	Met
Risks to the Canadian animal resource base are mitigated	Percentage of cases where investigations were completed following the positive identification of a reportable animal disease	100%	100%	Met
Effective preparedness to prevent, control, and eradicate trans-boundary diseases and emerging diseases	Manuals for CFIA officials are updated as needed	All necessary manual updates are completed	2 out of 6 necessary manual updates were completed*	Not Met
	Number of emergency preparedness simulation exercises in which CFIA participates	9	23	Met
Disease outbreaks in Canada are promptly and effectively responded to	Percentage of detections of reportable transboundary diseases and significant emerging diseases in which an investigation was commenced in a timely fashion	100%	100%	Met
	Percentage of cases where CFIA communicated with key stakeholders in a timely fashion following the confirmation of a transboundary or significant emerging disease	100%	100%	Met

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[5] World Organization for Animal Health

Performance Analysis and Lessons Learned

* The manual updates were not completed because Agency human resources were diverted to respond to BSE, AI and ISA emergencies. However, updates to the BSE Manual were initiated late in the fiscal year and are still underway. Also undergoing updates are: Cervid Movement Permit Manual of Procedures, and the following Hazard Specific Plans: infectious haematopoietic necrosis, infection with Haplosporidium nelsoni, and viral haemorrhagic septicaemia.

Strengthening Animal Traceability

To improve animal traceability in Canada, the CFIA:

- Provided training to all four Area Offices personnel;
- Completed a livestock movement study to support further regulatory option analysis; and
- Started consultations to amend the Health of Animals Regulations.

The CFIA improved livestock data management by enhancing the Traceability National Information Portal (TNIP) with the addition of Geographic Information System (GIS) capabilities and Prince Edward Island premises. In addition, an agreement to share livestock traceability data was signed with Ontario.

Leveraging Relationships to Control Disease Outbreaks

The CFIA expanded the Canada-U.S. Zoning Agreement by developing a guidance document to implement the 2012 arrangement recognizing highly contagious foreign animal disease control and eradication zones. This was one of the 29 initiatives included in the Joint Action Plan completed for the RCC where Canada and the U.S. will seek greater alignment in their regulatory approaches over the coming two years.

Sub-Program 1.2.1: Terrestrial Animal Health

Description

The Terrestrial Animal Health sub-program aims to prevent the entry of reportable, foreign animal diseases and the spread of reportable domestic animal diseases as set out in the relevant governing acts and regulations. This sub-program achieves its objectives by delivering initiatives that track, detect, and mitigate risks to the terrestrial animal resource base. This sub-program supports food safety, public health, and protection of the animal resource base, and instils national and international confidence in Canadian agricultural products. Through verification of compliance, this sub-program supports domestic and international confidence that Canada's animals are free from certain reportable diseases, particularly those potentially transmissible to humans. This program uses funding from the following transfer payment: Statutory Compensation Payments.

Financial Resources (dollars)

2014–15 Planned Spending (Restated*)	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
67,906,145	136,545,497	68,639,352
* During the preparation of the 2014–15 RPP a computation inaccuracy was discovered in the distribution of Planned Spending and FTEs to the Sub-Programs of Animal Health and Zoonotic Program. As a result, the Planned Spending and FTEs have been restated to provide a more accurate representation of the in-year change in Terrestrial Animal Health from plans to actuals.		

Human Resources (Full-Time Equivalents — FTEs)

2014–15 Planned (Restated*)	2014–15 Actual	2014–15 Difference (actual minus planned)
581	797	216
* During the preparation of the 2014–15 RPP a computation inaccuracy was discovered in the distribution of Planned Spending and FTEs to the Sub-Programs of Animal Health and Zoonotic Program. As a result, the Planned Spending and FTEs have been restated to provide a more accurate representation of the in-year change in Terrestrial Animal Health from plans to actuals.		

The increases from Planned to Actual Spending of $68.6 million and 216 FTEs are mainly due to: the renewal of funding for the continuation of a comprehensive strategy for BSE. Actual spending also includes one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments.

Table 2-2b: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Federally registered veterinary biologics establishments meet federal regulations	Percentage of inspected federally registered veterinary biologics establishments in compliance with federal regulations	90%	93%	Met
Veterinary biological products in compliance with federal regulations	Percentage of tested veterinary biological products in compliance with federal regulations	100%	100%	Met
Animals in Canada are transported humanely	Percentage of inspected live loads in compliance with humane transport standards	100%	98%	Met

Performance Analysis and Lessons Learned

Continued Improvements to the Bovine Spongiform Encephalopathy (BSE) Program

With renewed Treasury Board (TB) funding in 2014–15, the Agency continued to engage partners and stakeholders to review Canada's BSE programming and began communicating the Canadian long-term approach to BSE disease control.

Canada made significant efforts over the past decade to attain a Negligible BSE risk status. However, with the identification of a cow with BSE in February 2015 in Alberta, which had a birth year of 2009, Canada became ineligible to apply for the Negligible BSE risk status at the World Organization for Animal Health (OIE) as had been planned for 2015.

Avian Influenza (AI) Containment

In 2014–15, during the highly pathogenic avian influenza (HPAI) outbreak in the Fraser Valley in British Columbia, the CFIA further increased collaboration with the poultry industry and improved zoning level practices required to control this virus strain. Key trading partners recognized the zones and trade continued from areas outside of the control zones. The lessons learned from this outbreak were used to enhance the training of staff involved in these responses, thus improving preventive measures to ensure animal health and preparedness in Canada.

As part of an ongoing surveillance program, Canadian Notifiable Avian Infuenza Surveillance System (CanNAISS), the CFIA conducted activities to provide evidence that Canadian commercial poultry flocks are free of notifiable avian influenza. The CFIA further enhanced the security of poultry flocks by supporting the Canadian Wildlife Health Centre in the detection of avian influenza in wild birds.

Partnering for Efficiencies

To improve efficiencies in dealing with animal diseases, the CFIA collaborated with the provinces and the Ontario College of Veterinarians to create a decision tool that identifies new emerging or re-emerging diseases and the authority responsible to respond to the threat. The tool was presented to the National Farmed Animal Health & Welfare Council (NFAHWC). Additionally, the CFIA began preparations to implement and validate the electronic monitoring of reported adverse reactions to veterinary vaccines and drugs, with final roll out to stakeholders targeted for the end of 2015-2016.

The CFIA contributed to the development of the Canadian Animal Health Surveillance System (CAHSS), which is a new FPT and industry initiative for animal health surveillance. CAHSS will strengthen animal health surveillance, enable strategic use of technology, and enhance Canada's ability to respond to animal health emergencies.

Regulatory Modernization

In 2014–15, the CFIA proposed amendments to the *Health of Animals Regulations* in an effort to modernize the animal humane transportation provisions. The revisions would:

- Improve animal welfare;
- Maintain international standards;
- Reflect current industry practices and animal needs indicated by recent scientific research;
- Clarify definitions and remove vague terms;
- Improve enforcement capabilities; and,
- Remove obsolete or unnecessary requirements.

Amendments to the *Hatchery Regulations* were proposed to consolidate the requirements for operating licensed poultry hatchery establishments in Canada into one regulation under the *Health of Animals Act*. The amendments to the *Health of Animals Act* are moving towards pre-publication in Canada Gazette I.

Sub-Program 1.2.2: Aquatic Animal Health

Description

The Aquatic Animal Health sub-program aims to mitigate risks associated with the introduction and spread of certain aquatic animal diseases of concern to Canada. This program achieves its objectives by partnering with Fisheries and Oceans Canada to deliver on initiatives that track, detect and control aquatic animal diseases as set out in the relevant governing acts and regulations. Through verification of compliance, this sub-program supports domestic and international confidence that Canada's aquatic animal resources are free from aquatic animal diseases, and contributes to the sustainable productivity of aquaculture and harvest fisheries. This program uses funding from the following transfer payment: Statutory Compensation Payments.

Financial Resources (dollars)

2014–15 Planned Spending (Restated*)	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
4,691,155	4,877,737	186,582
* During the preparation of the 2014–15 RPP a computation inaccuracy was discovered in the distribution of Planned Spending and FTEs to the Sub-Programs of Animal Health and Zoonotic Program. As a result, the Planned Spending and FTEs have been restated to provide a more accurate representation of the in-year change in Aquatic Animal Health from plans to actuals.		

Human Resources (Full-Time Equivalents — FTEs)

2014–15 Planned (Restated*)	2014–15 Actual	2014–15 Difference (actual minus planned)
38	37	(1)
* During the preparation of the 2014–15 RPP a computation inaccuracy was discovered in the distribution of Planned Spending and FTEs to the Sub-Programs of Animal Health and Zoonotic Program. As a result, the Planned Spending and FTEs have been restated to provide a more accurate representation of the in-year change in Aquatic Animal Health from plans to actuals.		

The increase from Planned to Actual Spending of $0.2 million is mainly due to one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments, while FTE remained stable.

Table 2-2c: Performance Results

Expected Results	Performance Indicators	Targets	Actual Results	
Domestic aquatic animals and their products are compliant with Canadian regulations and meet the standards of international agreements	Percentage of certified aquatic animal and aquatic animal product shipments that meet the receiving country's import requirements	99%	99.7	Met
Risks to the Canadian aquatic animal resource base are mitigated	Number of reportable aquatic animal diseases that have entered into Canada via specified regulated pathways	0	0	Met

Performance Analysis and Lessons Learned

Strengthening the Aquatic Animal Program

To support the development and protection of the domestic aquatic animal resource base, the CFIA continued to phase in the implementation of the Domestic Movement Control Program (DMCP) for aquatic animals and the information management component of the Domestic Movement Import Permit System (DMIPS). In 2014–15, the CFIA completed the final phase towards the implementation of the DMCP and its associated Train-the Trainer sessions, which are now awaiting final approval. The CFIA has developed the information component of the DMIPS and it is awaiting implementation. Both DMCP and DMIPS aim to control the risks associated with the movement of aquatic animals, their genetic components, and carcasses within Canada.

Partnering to Strengthen Surveillance

In 2014–15, the CFIA completed an epidemiological analysis of existing surveillance activities in British Columbia farmed salmon and actively engaged in various stages of collaborative surveillance activities with eight provinces targeting both finfish and shellfish stocks.

In partnership with industry and government, the CFIA designed and delivered an active surveillance program that requires sampling only where gaps exist in the data. This approach decreased the overall requirements for testing and its associated costs, while still providing the information required to support strong import controls, export certification, and provide evidence for national declarations of health status.

Strengthening Trade Relations and Market Access

In 2014–15, the Agency conducted trade certificate negotiations with a number of large trading partners.

- Exports: Aquatic Animal Health export certificates to facilitate market access for Canadian products were negotiated or renegotiated for the following countries and commodities: Ukraine (live crustaceans and frozen fishery products for food for human consumption); China (mollusc seed for culture in China); Turkey (ornamental animals for display; joint food and aquatic animal health certificate for fishery products for human consumption); South Korea, and Indonesia (molluscs for human consumption); and the U.S.A. (live finfish for culture, stock and enhancement and uneviscerated for any use (including research, and further processing).
- Imports: At the request of Canadian importers, initiated negotiations to access live and dead aquatic animals and products from various European Union (EU) Member States (including Denmark, France, Germany, Czech Republic and United Kingdom) for end uses of culture, further processing for human consumption, ornamental display, research and education in Canada. The CFIA worked with Chile to facilitate import market access to mollusc's seed for culture.

Additionally, a bilateral agreement with the U.S. was reached to implement the U.S. Food Service/Retail Use Certification Program for the import of live aquatic animals into Canada.

Sub-Program 1.2.3: Feed

Description

The Feed sub-program aims to minimize risks associated with livestock and poultry feeds manufactured in or imported into Canada. The program achieves its objectives by verifying that feeds are safe, effective and labelled in accordance with the relevant governing acts and regulations. This sub-program contributes to the production and maintenance of a healthy and sustainable animal resource base which supports food safety and environmental sustainability. Through verification of compliance, this sub-program supports confidence in feed manufactured in Canada.

Financial Resources (dollars)

2014–15 Planned Spending (Restated*)	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
18,077,022	20,616,736	2,539,714
* During the preparation of the 2014–15 RPP a computation inaccuracy was discovered in the distribution of Planned Spending and FTEs to the Sub-Programs of Animal Health and Zoonotic Program. As a result, the Planned Spending and FTEs have been restated to provide a more accurate representation of the in-year change in Feed from plans to actuals.		

Human Resources (Full-Time Equivalents — FTEs)

2014–15 Planned (Restated*)	2014–15 Actual	2014–15 Difference (actual minus planned)
181	178	(3)
* During the preparation of the 2014–15 RPP a computation inaccuracy was discovered in the distribution of Planned Spending and FTEs to the Sub-Programs of Animal Health and Zoonotic Program. As a result, the Planned Spending and FTEs have been restated to provide a more accurate representation of the in-year change in Feed from plans to actuals.		

The increase from Planned to Actual Spending of $2.5 million is mainly due to one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments, while FTEs remained relatively stable.

Table 2-2d: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Feed establishments meet federal regulations	Percentage of inspected feed establishments in compliance with Feeds Regulations and Health of Animals Regulations (Feed Ban), after follow-up, not including labelling tasks	95%	95.2%	Met
Feed labels meet federal regulations	Percentage of inspected feed facilities in compliance with Feeds Regulations and Health of Animals Regulations (Feed Ban), after follow-up, when assessed against inspection tasks associated with labelling	95%	95.8%	Met

Performance Analysis and Lessons Learned

Regulatory Modernization for Feed

In 2014–15, the CFIA continued to lead the Feed Regulatory Renewal aimed at aligning the Agency with industry advancements in feed technology. Feedback was received from stakeholders (the Animal Nutrition Association of Canada, various producer groups, and individual feed producers or farmers) regarding three regulatory proposals (feed ingredient assessment and authorization, feed labelling, and feed hazard identification and preventive controls). A comprehensive consolidated framework proposal for consultation was begun, as was preparation of regulatory drafting instructions.

Supporting Market Access

In response to an audit conducted by the European Union and to increase overall market access, the CFIA worked to ensure that exported meat remains protected from feed containing banned additives. To accomplish this, the Canadian Ractopamine-Free Certification Programs for the Pork and Poultry sectors were finalised. These Programs identify the requirements for feed manufacturing, as well as animal production and slaughter for participating facilities. Tools were developed to support the CFIA's inspection activities at a sample of the feed manufacturing and retail facilities enrolled in the program. Inspection activities to provide government oversight at a sample of commercial and on-farm feed facilities were developed.

Enhancing Efficiencies

On July 4, 2014, the CFIA merged the application offices of livestock feeds together with veterinary biologics and plant-related products, providing stakeholders with a single point for submitting applications for products requiring a CFIA pre-market approval. The new Pre-market Applications Submissions Office (PASO) will increase consistency and efficiency in the delivery and administration of pre-market application requests.

Efforts were made to further assist stakeholders with their feed-related submissions. Clarification of guidance pertaining to international labels was submitted for publication, a "Guidance document on classification of veterinary drugs and livestock feeds," produced jointly with Health Canada, was published. Pre-market submission consultations were held with various industry members to provide specific guidance.

Additionally, the Feed program continued to monitor service standards for the pre-market review of feeds and report to industry via the Canadian Animal Health Products Regulatory Advisory Committee. The Pre-market Applications Submissions Office identified and implemented efficiencies in the receiving and handling of feed pre-market applications.

To improve consistency in verifying that industry is complying with Feed safety regulations and policies, the Compliance Verification System approach for both the Complaint and Residue Traceback Inspection Programs were implemented by the Animal Feed Division.

Program 1.3: Plant Resources Program

Description

The Plant Resources Program aims to mitigate risks to Canada's plant resource base, which is integral to a safe and accessible food supply, as well as to public health and environmental sustainability. The program achieves its objectives by regulating agricultural and forestry products; mitigating risks to the plant resource base (including crops and forests) from regulated pests and diseases; regulating the safety and integrity of seeds, fertilizers and plant products; and managing plant health emergencies and incidents. The program also guards against deliberate threats to the plant resource base, facilitates the introduction of emerging plant technologies and protects the rights of plant breeders. Achieving the objectives of the program instils confidence in Canada's plants, plant production systems and plant products, and contributes to the health of Canada's plant resources.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
75,006,452	75,532,299	90,020,456	90,262,195	14,729,896

Human Resources (Full-Time Equivalents — FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
771	737	(34)

The increase from planned to actual spending of $14.7 million is mainly due to: considerable one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments; and, an increase in statutory compensation payments. The decrease of 34 FTEs is mainly due to the realignment of resources to support higher risk activities in the Agency.

Table 2-3a: Performance Results

Expected Results	Performance Indicators	Targets	Actual Results	
Risks to the Canadian plant resource base from imported plants and plant products are mitigated	Number of regulated foreign plant pests that enter into Canada through regulated pathways and establish themselves	0	0	Met
Domestic plants and plant products are compliant with Canadian regulations and international agreements	Percentage of domestic seed, crop inputs and plants with novel traits in compliance with Canadian regulations and international agreements	90%	98%	Met
Confirmed introductions of quarantine pests in Canada are contained and risk- mitigated (e.g. through the issuance of Notices of Prohibition of Movement, Quarantine, up to and including the issuance of Ministerial Orders)	Percentage of confirmed introductions of quarantine pests for which notices are issued	100%	100%	Met
	Percentage of notices issued in a timely manner	90%	100%	Met
Canadian exports of plants and plant products meet the country of destination regulatory phytosanitary import requirements and Canada's reputation is maintained	Percentage of certified plants and plant products shipment (lots) that meet the country of destination phytosanitary import requirements	99%	99.7%	Met

Performance Analysis and Lessons Learned

Regulatory Modernization

The *Agricultural Growth Act, Bill C-18*, received royal assent on February 25, 2015. By Order in Council, as of February 27, 2015, all of the CFIA sections, except one, are now in force. The *Act* modernizes and strengthens federal agriculture legislation, supports innovation in the Canadian agriculture industry and enhances global market opportunities for Canadians. In addition, the Plant Breeder Rights Office can now receive applications and grant rights under an International Union for the Protection of New Varieties of Plants (UPOV'91) based intellectual property framework.

The *Agricultural Growth Act* enhances intellectual property rights for plant varieties in Canada; creates a regulatory environment that benefits from the latest scientific research; reduces red tape and regulatory burden on producers; increases consistency across CFIA legislation; provides the CFIA with stronger tools to fulfil its mandate of protecting Canada's plant and animal resource base; aligns Canada with its international trading partners; and expands global market opportunities.

Inspection Modernization

Extensive consultations occurred on the approved integrated Agency Inspection Model (iAIM), which aims for a consistent inspection approach across all CFIA business lines and commodities. During 2014–15, Plant Business Line participated in working groups to ensure the Plant specific perspectives were captured in the revised inspection model.

Sub-Program 1.3.1: Plant Protection

Description

The Plant Protection sub-program aims to mitigate the risks associated with the introduction and spread of plant pests of quarantine significance to Canada. This sub-program achieves its objectives by delivering initiatives that track, detect and control, or eradicate regulated plant pests and diseases as set out in the relevant governing acts and regulations. The program verifies that plants and plant products, and their associated risk pathways, meet phytosanitary requirements. Through verification of compliance, this sub-program supports environmental sustainability, and public health and instils confidence in Canada's plants and plant products. This program uses funding from the following transfer payment: Statutory Compensation Payments.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
60,394,896	72,539,144	12,144,248

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
627	589	(38)

The increase from planned to actual spending of $12.1 million is mainly due to: one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments; and, an increase in statutory compensation payments. The decrease of 38 FTEs is mainly due to the realignment of resources to support higher risk activities in the Agency.

Table 2-3b: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Pre-border plant pest risks are mitigated	Percentage of inspected shipments from off-shore system approaches or pre-clearance programs in compliance with federal regulations	85%	96%	Met
At-Border plant pest risks are mitigated	Percentage of pre-arrival documentation in compliance with Canadian import requirements	90%	99.9%	Met
Post-border plant pest risks are mitigated	Percentage of new pest detections that have a science based management plan initiated within one year	90%	N/A No new pest detections	

Performance Analysis and Lessons Learned

Efforts Against Pests

Significant efforts were made to manage Asian Gypsy Moth (AGM), a non-native to North America. The problem emerges from egg masses laid on ships and dispersing to land areas surrounding ports in North America. CFIA suspects that AGM arrives in Canada on vessels from regulated ports in far eastern Asia.

Domestically, to increase the focus on the prevention of the spread of the AGM, communication with the shipping industry increased to provide additional information and educational tools to assist with AGM detection and removal prior to arriving Canada.

Through the Beyond the Border initiative, a joint CFIA-U.S. Department of Agriculture (USDA) report was completed, to identify the best methods to mitigate the risk of spreading the AGM at the point of origin. To minimize the incursion of the AGM to North America via ocean crossings on vessels, the CFIA continued to work with the U.S., Mexico, Chile, New Zealand and other countries to expand the Asian Gypsy Moth vessel certification program.

The CFIA implemented the directive on phytosanitary requirements to prevent the introduction of plants regulated as pests in Canada. To increase awareness and minimize risks to the ecosystem, subsequent directives to prevent introduction and spread of potentially injurious organisms were developed in 2014–15.

The CFIA continued to communicate compliance requirements to importers and sellers of ornamental, traditional medicine and food, regarding invasive plants used in their businesses. The CFIA continued to develop and publish information bulletins focusing on preventing the introduction of invasive plants. Following detection of Potato Wart in PEI in 2014, the CFIA implemented the Potato Wart long-term management plan which included quarantine controls, mandatory cleaning and disinfection requirements and prohibitions on the movement of soil and potato material. As a result of this rapid response, trade disruption was minimized and the USDA-APHIS did not implement any additional trade restrictions.

Sub-Program 1.3.2: Seed

Description

The Seed sub-program aims to ensure that seeds sold in Canada meet established standards, that seeds are properly represented in the marketplace and that most agricultural crop kinds are registered before entering the marketplace. The program achieves its objectives by verifying that seeds meet quality, biosafety, labelling and registration standards as set out in the relevant governing acts and regulations. Regulating the environmental release of plants with novel traits contributes to environmental sustainability and the health and safety of Canadians. Furthermore, quality assured and accurately labelled seeds contribute to a prosperous agricultural production system and to domestic and international confidence in Canada's seeds.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
10,124,891	11,731,673	1,606,782

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
98	103	5

The increase from planned to actual spending of $1.6 million is mainly due to one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments. The increase of FTEs is mainly due to increased demand for CFIA seed related sample processing, analyses and inspections resulting from a larger crop in 2013 than the annual average and the coming into effect of the *Fair Rail for Grain Farmers Act* .

Table 2-3c: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Seed complies with federal regulations	Percentage of tested domestic pedigreed seed lots in compliance with federal regulations	95%	98.3%	Met
	Percentage of authorized confined releases of Plants with Novel Traits (PNTs) into the Canadian environment that are in compliance with the authorized conditions	90%	98.0%	Met

Performance Analysis and Lessons Learned

Partnering with Industry for Alternative Service Delivery

The CFIA worked with authorized service providers to carry out Seed crop inspection activities. Using authorized service providers gives growers increased flexibility and choice. The CFIA continues to maintain an oversight and audit role to ensure the effectiveness of the overall program. In 2014–15, private entities inspected approximately 89 percent of the pedigreed seed crops grown in Canada while the CFIA inspectors inspected the other 11 percent. Twenty four authorized seed crop inspection services (ASCIS) were licensed and 288 individuals were licensed to conduct seed crop inspection. Out of the 288 individuals, 150 private and CFIA's own seed crop inspectors were trained by the CFIA in 2014-5 for check-inspections and audit while the other 138 were either trained the previous year or were ex-CFIA inspectors who did not require training.

At the end of the season, surveys were distributed to ASCIS, LSCI, seed growers, seed companies and CFIA inspectors to evaluate the implementation of ASD of seed crop inspection. An industry advisory group and an information management working group were established as results of the survey to identify priorities for improvement and recommend solutions.

The CFIA monitored the implementation of alternative service delivery (ASD) of seed crop inspection by check-inspecting 10 percent of all the fields inspected by licensed seed crop inspectors (LSCI) and auditing each ASCIS at the end of the inspection season.

Increasing Service to Meet Grain Surge Demands

The CFIA facilitated grain exports during the huge grain surge in 2014–15 by increasing its capacity in regional offices and laboratories to maintain and improve service delivery. The CFIA shortened sample analysis time; implemented sample tracking systems for submissions and reporting; delivered all requests for ship inspections and maintained its service standards for issuance of phytosanitory certificates to the overall satisfaction of the grain industry.

Sub-Program 1.3.3: Fertilizer

Description

The Fertilizer sub-program aims to ensure that regulated fertilizer, fertilizer/pesticides and supplement products sold in Canada are properly labelled, effective and safe for humans, plants, animals, and the environment. The program achieves its objectives by verifying that all fertilizers and supplements meet the standards for safety and efficacy as set out in the relevant governing acts and regulations. Through verification of compliance, the program contributes to public health and environmental sustainability and supports domestic and international confidence in fertilizers manufactured in Canada.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
4,101,579	4,213,788	112,209

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
38	36	(2)

The increase from planned to actual spending of $0.1 million is mainly due to one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments, while FTEs remained relatively stable.

Table 2-3d: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Fertilizer and supplement products meet federal regulations	Percentage of inspected fertilizer and supplement products in compliance with federal regulations (Fertilizers Regulations)	90%	91.7%	Met
	Percentage of submissions reviewed within the prescribed service delivery standards	90%	61*%	Not Met

Performance Analysis and Lessons Learned

* During the 2014–15 fiscal year, the Fertilizer Safety Section (FSS) did not meet published service delivery standards (SDS) for file reviews. The percentage of files reviewed within service delivery standards has decreased from 82% in the 2013/14 fiscal year to 61% in 2014/15. This is because the CFIA no longer regulates product efficacy. As such, applicants who were previously unable to substantiate product performance or meet the minimum quality standards can now obtain registration as long as their product is determined to be safe. As a result, the complexity of product formulations (multiple active ingredients) has increased, rendering safety reviews more scientifically demanding and time-consuming to complete. The CFIA continued to pro-actively communicate the delays to impacted applicants and implemented an action plan in an effort to bring file reviews timelines back to the service delivery standards.

Regulatory Modernization for Fertilizer and Reorganization of the Sector

The CFIA continued the drafting of proposed amendments to the *Fertilizer Regulations*. The proposed changes are intended to align regulatory oversight with the risk profile of the product and facilitate access of Canadian agricultural producers to safe and innovative fertilizers and supplements.

The CFIA continued to inform stakeholders about the measures the Agency will be taking to strengthen the fertilizer file assessment capacity. The CFIA communicated to stakeholders the importance of completing submissions to a high quality in order to shorten the assessment times.

User Fees Modernization for the Fertilizer Sector

The development of the new user fee structure for fertilizers and supplements was incorporated into the overall Agency user fees modernization and strategy to align the independent fertilizers and supplements user fee modernization with the Agency's User Fee modernization and strategy timelines.

Sub-Program 1.3.4: Intellectual Property Rights

Description

The Intellectual Property Rights sub-program, by which plant breeders can obtain intellectual property rights for their new plant varieties, aims to create an environment in Canada which supports innovation in plant breeding, as set out in the relevant governing act and regulations. This sub-program achieves its objectives by assessing applications from plant breeders to determine that new plant varieties meet the criteria for protection, and when all requirements have been met, granting rights to the variety breeder/owner for a period of up to 18 years. The owner of a new variety who receives a grant of rights has exclusive rights over use of the variety, and will be able to protect his/her new variety from exploitation by others. By enforcing the relevant governing act and regulations, this sub-program stimulates plant breeding in Canada, facilitates better access to foreign varieties for Canadian producers and supports the protection of Canadian varieties in other countries.

Budgetary Financial Resources (dollars)

2014–15 Planned Spending	2014–15 Actual Spending	2014–15 Difference (actual minus planned)
910,933	1,777,590	866,657

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
8	9	1

The increase from planned to actual spending of $0.9 million is mainly due to one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments, while FTEs remained fairly stable.

Table 2-3e: Performance Results

Expected Result	Performance Indicators	Targets	Actual Results	
Plant breeders develop new varieties for the Canadian market	Percentage of Plant Breeders' Rights applications that reach approval and are granted rights	100%	100%	Met

Performance Analysis and Lessons Learned

For the 2014 calendar year, the CFIA received 345 applications for Plant Breeders' Rights (PBR), 285 applications were granted PBR and 1,636 PBR applications were renewed. More information on PBR can be found on the Canadian Food Inspection Agency's website[xx].

The Agricultural Growth Act, Bill C-18, and the Plant Breeders' Rights Act (PBRA).

The *Agricultural Growth Act* confirmed the farmer's privilege for farm-saved seed. Regulatory amendments to the *Plant Breeders' Rights Regulations* have been deferred to 2015/16 to allow the CFIA to adequately consult with stakeholders and the Plant Breeders' Rights Advisory Committee.

Program 1.4: International Collaboration and Technical Agreements

Description

The Canadian Food Inspection Agency's International Collaboration and Technical Agreements program contributes to a coherent, predictable, and science-based international regulatory framework that facilitates meeting regulatory requirements of importing countries' food, animals and plants, and their products, resulting in the facilitation of multi-billion dollar trade for the Canadian economy. The program achieves its objectives through actively participating in international fora for the development of international science-based rules, standards, guidelines and policies and the management of sanitary and phytosanitary committees established under international agreements. The CFIA's active promotion of the Canadian science-based regulatory system with foreign trading partners and negotiations to resolve scientific and technical issues contribute to market access.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
25,382,494	25,382,494	41,139,746	40,718,768	15,336,274

Human Resources (FTEs)

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
299	335	36

The increases from planned to actual spending of $15.3 million and 36 FTEs are mainly due to: the transfer of resources from Agriculture and Agri-Food to undertake activities to improve market access for Canadian agricultural products; the renewal of funding to support BSE activities; as well as considerable one-time disbursements related to government-wide workforce initiatives and retroactive salary settlement payments.

Table 2-4a: Performance Results

Expected Result	Performance Indicators	Targets	Performance Status	
Canadian interests are reflected in science-based international rules, standards, Free Trade Agreements, and technical arrangements through effective participation in Sanitary and Phytosanitary (SPS) negotiations and International Standards Setting Bodies (ISSB) such as Codex, OIE, and IPPC	Number of key sanitary and phytosanitary negotiations and international standards setting bodies meetings where the CFIA promoted Canada's interests	24	43	Met
International markets are accessible to Canadian food, animals, plants, and their products	Number of unjustified non-tariff barriers resolved	24[6]	40	Met
International regulatory cooperation, relationship building and technical assistance activities that are in line with the CFIA's mandate	Number of senior level CFIA- led committees with foreign regulatory counterparts	5	7	Met
	Number of CFIA-led technical assistance activities provided to foreign national governments	6[7]	13	Met

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[6] **The target in the 2013–14 RPP was:** 10/Year. **Rationale for change:** The indicator target was revised to better reflect the expected volume of activities.

[7] **The target in the 2013–14 RPP was:** 10/Year. **Rationale for change:** The indicator target was revised to better reflect the expected volume of activities.

Performance Analysis and Lessons Learned

International Engagements

In its international engagements for 2014–15, the CFIA:

- Led and coordinated Canada's Sanitary and Phytosanitary (SPS) input into various World Trade Organization (WTO) fora.
- As Canada's lead for the domestic implementation of the WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures, the CFIA:
    - Led Canada's participation at the International Plant Protection Convention (IPPC), the World Organization for Animal Health (OIE); and in certain committees of the Codex Alimentarius Commission to promote the development of international science-based standards consistent with Canada's regulatory framework.
    - Provided technical assistance to developing countries in accordance with the WTO SPS Agreement to facilitate the development and implementation of sanitary and phytosanitary measures based on sound science.
    - Participated in 13 Codex Committees, five of which the CFIA was Canada's Head of Delegation, to influence science-based standards. Canada successfully hosted the 42nd session of the Codex Committee on Food Labelling (CCFL) for which the CFIA is a major contributor.
    - Participated in a total of 15 IPPC meetings, which were attended in person and virtually, to actively influence the IPPC strategy as well as standards-related work of the Expert Working Group on the *International movement of wood products and handicraft made from wood.*
    - Participated in 12 OIE meetings to provide expert input and actively influence the development of science-based international standards. Canada hosted two OIE related meetings, one on veterinary biologics and the other on the evaluation of veterinary services.

Greater Alignment of Regulatory Approaches with the USA through the Regulatory Cooperation Council (RCC) and the Beyond the Border (BtB) Initiative

- To enhance regulatory cooperation with the United States, the CFIA successfully negotiated four (4) enhanced work plans with the United States in the areas of meat inspection and certification, plant health, animal health, and food safety.
- Work continued on initial RCC and BtB initiatives.
    - Over the last year, progress was made towards finalizing a guidance document to support implementation of the Canada-U.S. Zoning arrangement for the Recognition of Foreign Animal Disease Control and Eradication Zones. An action plan was completed for the RCC.
    - In addition, the CFIA and its US counterparts reached an agreement in principle on a Memorandum of Understanding that will guide future collaboration on plant health.

- Over the past year, the CFIA successfully negotiated enhanced partnerships with U.S. counterparts, including:
    - A new senior level governance committee with the United States Department of Agriculture, (USDA) which will set priorities and work plans for the coming years, and will include a stakeholder engagement component.
    - A senior level committee with the Unites States Food and Drug Administration (USFDA) was confirmed as the forum for future discussions on regulatory cooperation activities. New to this arrangement is a commitment to conduct binational stakeholder outreach to help identify priorities going forward.

Supporting Market Access

Some of the major activities the CFIA conducted in 2014–15 in support of market access include:

- Actively negotiated and reached agreement on new export certificate with the U.S. Food Safety and Inspection Service, in collaboration with industry stakeholders.
- Signed an Organic Equivalency with Japan in September 2014; it came into effect in January 2015.
- Successfully conducted an evaluation process with the Chinese authorities, which now allows cherries from British Columbia to be exported to China.
- Agreed with its Brazilian counterparts on a health certificate for the export of pork and pork products to Brazil.
- Gained a derogation which maintains less stringent requirements for the export of ash wood to the European Union.
- Reached a regionalization agreement with Japan in the event of a Highly Pathogenic Avian Influenza (HPAI) outbreak in Canada.
- Reached agreements with Ukraine and Turkey allowing trade to continue following the implementation of new import conditions for fish and fishery products.
- Successfully negotiated with its Malaysian counterparts for continued access for soybeans.
- Successfully renegotiated a certificate for live molluscs and their gametes or germplasm for aquaculture or research purposes to China.
- Provided technical assistance to trade partner developing countries to actively promote the Canadian science-based regulatory system.
- In collaboration with the Department of Foreign Affairs, Trade, and Development Canada (DFATD), continued to co-lead the SPS components of the Trans-Pacific Partnership (TPP) negotiations and the Canada-India Comprehensive Economic Partnership Agreement (CEPA). Co-led the Canada-EU Comprehensive Economic and Trade Agreement (CETA) negotiations.
- Contributed to the development of positions and strategies for free trade agreement (FTA) negotiations for all SPS chapters.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided to a specific program.

Budgetary Financial Resources (dollars)

2014–15 Main Estimates	2014–15 Planned Spending	2014–15 Total Authorities Available for use	2014–15 Actual Spending (authorities used)	2014–15 Difference (actual minus planned)
109,053,625	109,004,540	137,511,974	133,951,514	24,946,974

Human Resources (Full-Time Equivalents — FTEs) – Internal Service

2014–15 Planned	2014–15 Actual	2014–15 Difference (actual minus planned)
774	804	30

The increases from planned to actual spending of $24.9 million and 30 FTEs reflects the incremental Internal Services support for the various initiative resources received via the Supplementary Estimates, as well as considerable expenditures made on behalf of the Treasury Board related to government-wide workforce initiatives and retroactive salary settlement payments.

Performance Analysis and Lessons Learned

Regulatory Modernization

The CFIA organized a Healthy and Safe Food Regulatory Forum in June 2014 which brought 250 external stakeholders to Ottawa to learn about and discuss elements of the Agency's ongoing modernization efforts. Following the Forum, the CFIA received over 400 formal submissions from stakeholders on various Agency Transformation consultation documents. This provided the Agency with a good insight and understanding of the policy and regulatory aspects and business concerns in these areas, and contributed to the advancement of the Safe Food for Canadians Regulations.

Progress on Government Record Keeping Directive

Made progress on compliance with the Treasury Board Directive on Record Keeping, including:

- Implemented a progressive email storage quota during 2014/15, moving from 5GB to 3GB as the Agency moves towards the 2 GB standard in 2015/16;
- Integrated information management governance with Agency governance, providing senior management with visibility and providing a mechanism to embed good information management practices in day-to-day business.

Improving Transparency and Service Delivery through Engagements

In 2014–15, the CFIA engaged the public and stakeholders through social media, the CFIA website, and meetings. The Agency participated in 210 external stakeholder events (meetings, webinars, teleconferences, videoconferences), reaching more than 7,300 people. In addition to legislative and regulatory modernization, engagement topics included other Agency Transformation initiatives and supporting policies such as integrated Agency Inspection Model (iAIM), labelling modernization and the risk assessment model.

Contributing to the Government's Sustainable Development Goals

The CFIA continued to contribute to the Federal Sustainable Directive's (FSD) Theme IV (Shrinking the Environmental Footprint – Beginning with Government) targets through the Internal Services Program.

The CFIA is on track to reduce greenhouse gas emissions from its fleet by 13% below 2005 levels by 2020. The CFIA has reduced its fleet inventory in the last two years and procured more fuel efficient vehicles.

The CFIA took action to demonstrate that it fulfilled the requirements of the Policy on Green Procurement in relation to training, employee performance evaluations, procurement management processes and controls and using common use procurement instruments.

Progress on Access to Information and Privacy (ATIP) Requests

In 2014–15, the Access to Information and Privacy Office released information for 358 requests, thereby eliminating most of the backlog, including approximately 107 late requests.

Section III: Supplementary Information

Financial Statements Highlights

The financial highlights presented within the Agency's Performance Report are intended to serve as a general overview of the CFIA's financial position and operations. Financial statements are prepared in accordance with accrual accounting principles, Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are based on Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*.

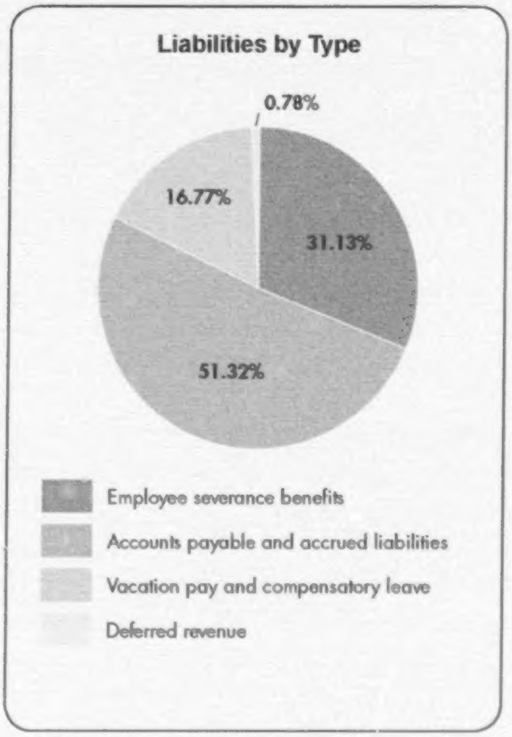
The main financial highlight for 2014-15 is the reduction of the allowance for employee severance benefits resulting from the renewal of collective agreements and the option for employees to cash-out their severance. Also important to note is the implementation of salary payments in arrears which impacted the Due from Consolidated Revenue Fund and the Net Financial Position but had no effect on the Agency's expenditures. The compensation payments in the Animal Health and Zoonotics Program for 2014-15 are mostly for the Avian Influenza outbreak in British-Columbia. These compensation payments are smaller than the prior year payments related to the Infectious Salmon Anemia. Finally, capital investments related to the modernization of information technologies were less compared to the prior year.

Condensed Statement of Operations (unaudited)
For the Year Ended March 31, 2015
(in thousands of dollars)

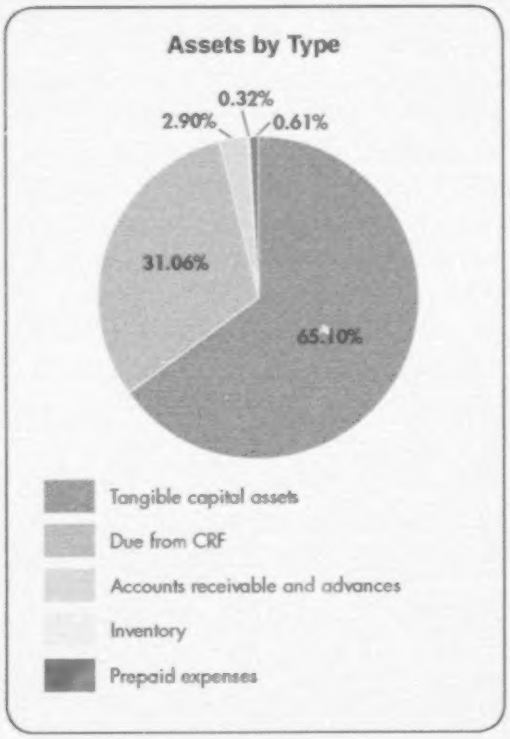
Financial Information	2014–15 Planned Results	2014–15 Actual	2013–14 Actual	Difference (2014–15 actual minus 2014–15 planned)	Difference (2014–15 actual minus 2013–14 actual)
Total expenses	765,524	840,801	886,508	(75,277)	(45,707)
Total revenues	53,661	54,713	58,594	(1,052)	(3,881)
Net cost of operations before government funding and transfers	711,863	786,088	827,914	(74,225)	(41,826)

Condensed Statement of Financial Position (unaudited)
As at March 31, 2015
(in thousands of dollars)

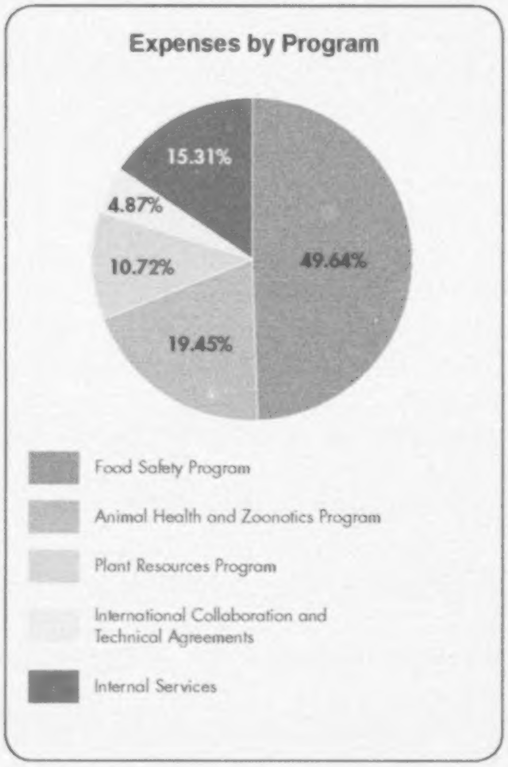
Financial Information	2014–15	2013–14	Difference (2014–15 minus 2013–14)
Total liabilities	183,651	237,834	(54,183)
Total net financial assets	96,497	66,549	29,948
Agency – net debt	87,154	171,285	(84,131)
Total non-financial assets	187,577	200,531	(12,954)
Agency – net financial position	**100,423**	**29,246**	71,177



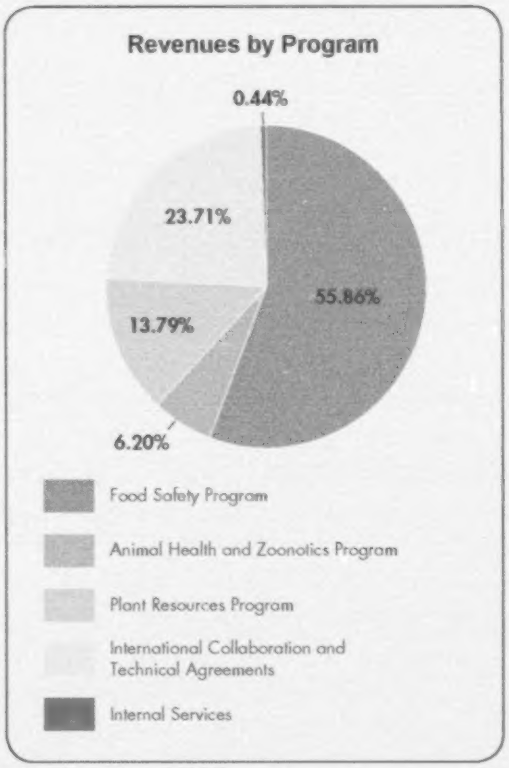
Total liabilities at the end of 2014–15 were $184 million, a decrease of $54 million (23%) over the previous year's total liabilities of $238 million. The decrease is mostly the result of the $61 million cash outs of severance benefits. The remaining employee severance allowance of $57 million represented 31.13% of total liabilities. The accounts payable and accrued liabilities corresponded to 51.32 % of total liabilities, at $94 million. Vacation pay and compensatory leave amounted to $31 million (16.77%), while deferred revenue represented less than 1% of total liabilities.



The total net financial assets of $97 million represents an increase of $30 million (45%), the result of the amount of Due from the Consolidated Revenue Fund being higher than the prior year because of Pay in Arrears and a higher payable at year end with Treasury Board for the Employee Benefits Plan. The non-financial assets ($188 million) were $13 million less (6.5%) compared to 2013–14, because of a reduction in Tangible Capital Assets related to the capital investments for the modernization of information technologies being lower compared to the prior year. Tangible capital assets represented the largest portion of total assets, at $185 million (65.10%), while Due from CRF corresponded to 31.06% at $88 million. Accounts receivable and advances only represented 2.9%, followed by the inventory and prepaid expenses which were both less than 1% of total assets.



The total expenses were $841 million in 2014–15, a decrease of $46 million (5%) compared to last year. The variance came mostly from having less compensation payments in 2014–15. Compensation payments in 2014–15 for Avian Influenza in British-Colombia were less than the Infectious Salmon Anemia compensation payments from 2013–14 (within the Animal Health and Zoonotics Program). Other expenditures were fairly stable from year to year and across programs. Overall, salaries were up slightly and travel and professional services were down for most programs. In summary, $417 million (49.64%) were under the Food Safety Program. The Animal Health and Zoonitics Program formed 19.45% of total expenses, while the Plant Resources Program represented 10.72%. 4.87% of all expenses was under the International Collaboration and Technical Agreements. Finally, the Internal Services accounted for 15.31% of total expenditures.



The total revenues amounted to $54.7 million for 2014–15. The decrease from 2013–14 is mostly because the provincial meat establishments are no longer inspected by CFIA, but rather at the Provincial level. The inspection fees form the biggest portion of the revenues at $38 million, representing 69% of all revenues. 55.86% of the revenues was derived from the Food Safety Program, while the International Collaboration and Technical Agreements represented 23.71%. The Plant Resources Program represented 13.79% of all revenues while the Animal Health and Zoonitics Program represented approximately 6.20%.

Comparison between Future-Oriented Financial Information and Actual Results

CFIA planned results are taken from the 2014-15 Future-Oriented Statement of Operations referenced in the Agency's 2014-15 Report on Plans and Priorities. They are based on assumptions and approved budget as of December 2013.

The main difference between the planned and the actual expenses comes from the compensation payments related to the Avian Influenza outbreak leading to higher expenses (compensation payments and others) in the Animal Health and Zoonotics Program than forecasted. Finally, the renewal of collective agreements also happened later than expected resulting in higher salary retro payments.

Financial Statements

Financial Statements of

CANADIAN FOOD INSPECTION AGENCY (UNAUDITED)

Year ended March 31, 2015

CANADIAN FOOD INSPECTION AGENCY

Statement of Management Responsibility Including Internal Control Over Financial Reporting
(Unaudited)

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2015 and all information contained in these statements rests with the Agency's management. These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgement, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2015 was completed in accordance with the Treasury Board *Policy on Internal Control* and the results and action plans are summarized in the annex.

CANADIAN FOOD INSPECTION AGENCY

Statement of Management Responsibility Including Internal Control Over Financial Reporting
(Unaudited)

The effectiveness and adequacy of the Agency's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the Agency's operations, and by the Departmental Audit Committee, which is responsible for providing the President with independent and objective advice on the maintenance of adequate control systems and the quality of financial reporting. The Departmental Audit Committee provides this support through oversight of core areas of the Agency's controls and accountabilities.

The financial statements of the Canadian Food Inspection Agency have not been audited.

Original signed by:

B.A. (Bruce) Archibald, PhD
President

Daniel G. Paquette, CPA, CA
Vice-President, CMB and Chief Financial Officer

Ottawa, Canada
September 2, 2015

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position **(Unaudited)**

As at March 31
(In thousands of dollars)

		2015		2014
Liabilities				
Accounts payable and accrued liabilities (Note 4)	$	94,250	$	93,357
Vacation pay and compensatory leave		30,794		32,839
Deferred revenue		1,441		1,765
Employee severance benefits (Note 5 (b))		57,166		109,873
Total liabilities		**183,651**		**237,834**
Financial Assets				
Due from Consolidated Revenue Fund		88,246		58,396
Accounts receivable and advances (Note 6)		8,325		8,217
Total gross financial assets		96,571		66,613
Accounts receivable and advances held on behalf of Government (Note 6)		(74)		(64)
Total net financial assets		**96,497**		**66,549**
Agency - net debt		**87,154**		**171,285**
Non-Financial assets				
Prepaid expenses		1,744		484
Inventory		905		796
Tangible capital assets (Note 7)		184,928		199,251
Total non-financial assets		187,577		200,531
Agency - net financial position	**$**	**100,423**	**$**	**29,246**

Contingent liabilities (Note 8)
Contractual obligations (Note 9)

The accompanying notes are an integral part of these financial statements.

Original signed by:

B.A. (Bruce) Archibald, PhD President	Daniel G. Paquette, CPA, CA Vice-President, CMB and Chief Financial Officer

Ottawa, Canada
September 2, 2015

CANADIAN FOOD INSPECTION AGENCY

Statement of Operations and Agency Net Financial Position **(Unaudited)**

Year ended March 31
(In thousands of dollars)

	2015 Planned Results	2015	2014
Expenses			
Food Safety Program	$ 400,261	$ 417,402	$ 407,591
Animal Health and Zoonotics Program	112,402	163,560	209,392
Plant Resources Program	91,269	90,170	98,841
International Collaboration and Technical Agreements	30,911	40,916	41,145
Internal Services	130,681	128,753	129,361
Expenses incurred on behalf of Government	-	-	178
Total expenses	765,524	840,801	886,508
Revenues			
Inspection fees	38,465	37,879	42,072
Registrations, permits, certificates	8,062	8,804	8,625
Miscellaneous fees and services	5,286	5,360	4,826
Establishment license fees	1,669	2,001	2,067
Administrative monetary penalties	1,409	1,150	1,221
Grading	179	100	152
Interest	32	39	30
Gain on disposal of property, plant and equipment	-	25	-
Revenues earned on behalf of Government	(1,441)	(645)	(399)
Total revenues	53,661	54,713	58,594
Net cost of operations	**711,863**	**786,088**	**827,914**
Government funding and transfers			
Net Cash provided by government		760,419	749,117
Change in due from Consolidated Revenue Fund		29,850	(3,670)
Services provided without charge by other government departments (Note 10)		84,172	82,284
Assets funded by other government departments (OGD)		20	67
Transfer of the transition payments for implementing salary payments in arrears (Note 11)		(17,196)	-
Transfer of assets and liabilities from/to OGD		-	(41)
Net cost of operations after government funding and transfers		(71,177)	157
Agency - net financial position - Beginning of year		29,246	29,403
Agency - net financial position - End of year		**$ 100,423**	**$ 29,246**

Segmented information (Note 12)
The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Change in Agency Net Debt **(Unaudited)**

Year ended March 31
(In thousands of dollars)

	2015	2014
Net cost of operations after government funding and transfers	**$ (71,177)**	**$ 157**
Change in tangible capital assets		
Acquisition of tangible capital assets	21,058	29,085
Amortization of tangible capital assets	(34,843)	(32,484)
Proceeds from disposal of tangible capital assets	(657)	(533)
Net (loss) or gain on disposal of tangible capital assets	25	(810)
Post-capitalization of tangible capital assets	74	350
Tangible capital assets funded by other government departments (OGD)	20	67
Tangible capital assets transfer to OGD	-	(41)
Total change due to tangible capital assets	(14,323)	(4,366)
Change in inventories	109	27
Change in prepaid expenses	1,260	(950)
Net increase in Agency net debt	**(84,131)**	**(5,132)**
Agency - net debt - Beginning of year	171,285	176,417
Agency - net debt - End of year	**$ 87,154**	**$ 171,285**

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flows **(Unaudited)**

Year ended March 31
(In thousands of dollars)

	2015	2014
Operating activities		
Cash received from:		
Fees, permits and certificates	$ (55,349)	$ (59,761)
Cash paid for:		
Salaries and employees benefits	646,645	567,281
Operating and maintenance	133,712	152,186
Transfer payments	14,375	60,471
Revenues collected on behalf of Government	635	388
Cash used by operating activities	740,018	720,565
Capital investment activities		
Acquisition of tangible capital assets	21,058	29,085
Proceeds from disposal of tangible capital assets	(657)	(533)
Cash used by capital investment activities	20,401	28,552
Net cash provided by Government of Canada	**$ 760,419**	**$ 749,117**

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

1. Authority and Purposes

The Canadian Food Inspection Agency (the "Agency") was established, effective April 1, 1997, under the *Canadian Food Inspection Agency Act*. The *Act* consolidates all federally mandated food and fish inspection services and federal animal and plant health activities into a single agency.

The Agency is a departmental corporation named in Schedule II to the *Financial Administration Act* and reports to Parliament through the Minister of Health.

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food, animals and plants. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

In delivering its mandate, the Agency operates under the following 4 programs supported by internal services:

(a) Food Safety Program: The Food Safety Program aims to mitigate risks to public health associated with diseases and other health hazards in the food supply system and to manage food safety emergencies and incidents. The program achieves its objectives by promoting food safety awareness through public engagement and verification of compliance by industry with standards and science-based regulations. The program delivers initiatives to verify that consumers receive food safety and nutrition information and to mitigate unfair market practices targeting consumers and industry. Collaboration with other governments and stakeholders further enhances the Agency's ability to track, detect and mitigate risks associated with food and the food supply system, including food-borne illness. This program supports public health and instils confidence in Canada's food system.

(b) Animal Health And Zoonotics Program: The Animal Health and Zoonotics Program aims to mitigate risks to Canada's animal resource base, animal feeds and animal products, which are integral to a safe and accessible food supply system as well as to public health. The program achieves its objectives by mitigating risks to Canada's animals (including livestock and aquatic animals) from regulated diseases, managing animal disease emergencies and incidents, mitigating and managing risks to livestock and derived food products associated with feed, promoting animal welfare and guarding against deliberate threats to the animal resource base. The program helps to mitigate risks associated with animal diseases that can be transmitted to humans by controlling diseases within animal populations. This program supports the health of Canada's animal resources and instils confidence in the safety of Canada's animals, animal products and by-products, and production systems.

(c) Plant Resources Program: The Plant Resources Program aims to mitigate risks to Canada's plant resource base, which is integral to a safe and accessible food supply, as well as to public health and environmental sustainability.

The program achieves its objectives by regulating agricultural and forestry products; mitigating risks to the plant resource base (including crops and forests) from regulated pests and diseases; regulating the safety and integrity of seeds, fertilizers and plant products; and managing plant health emergencies and incidents. The program also guards against deliberate threats to the plant resource base, facilitates the introduction of emerging plant technologies and protects the rights of plant breeders. Achieving the objectives of the program instils confidence in Canada's plants, plant production systems and plant products, and contributes to the health of Canada's plant resources.

(d) International Collaboration And Technical Agreements: The CFIA's International Collaboration and Technical Agreements program contributes to a coherent, predictable, and science-based international regulatory framework that facilitates meeting regulatory requirements of importing countries' food, animals and plants, and their products, resulting in the facilitation of multi-billion dollar trade for the Canadian economy. The program achieves its objectives through actively participating in international fora for the development of international science-based rules, standards, guidelines and policies and, the management of sanitary and phytosanitary committees established under international agreements. The CFIA's active promotion of the Canadian science-based regulatory system with foreign trading partners and negotiations to resolve scientific and technical issues contribute to market access.

(e) Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

The Agency is responsible for the administration and enforcement of the following acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act, Canadian Food Inspection Agency Act, Feeds Act, Fertilizers Act, Health of Animals Act, Plant Breeders' Rights Act, Plant Protection Act, Seeds Act, and the Safe Food for Canadians Act,* which once enacted, will replace the *Canada Agricultural Products Act, Fish Inspection Act, Meat Inspection Act, and Consumer Packaging and Labelling Act* (as it relates to food).

In addition, the Agency is responsible for enforcement of the *Consumer Packaging and Labelling Act* and the *Food and Drugs Act* as they relate to food, except those provisions that relate to public health, safety, or nutrition.

Operating and capital expenditures are funded by the Government of Canada through parliamentary authorities. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues generated by its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The Agency is mainly financed by the Government of Canada through Parliamentary authorities. Authorities provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Agency Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high level reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Agency Net Financial Position are the amounts reported in the Future-Oriented Statement of Operations approved in February 2014 and included in the *2014-15 Report on Plans and Priorities (RPP)*. The planned results are consistent with the information presented in the RPP and are based on approved budgetary figures as of December 2013. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2014-15 Report on Plans and Priorities.

(b) Net cash provided by Government of Canada

The Agency operates within the Consolidated Revenue Fund (CRF), which is administrated by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF.

The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government of Canada.

(c) Due from the Consolidated Revenue Fund (CRF)

The amount of due from CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Agency is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Revenues for fees, permits and certificates are recognized in the accounts as the services are provided.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenue from external parties for specified purposes is recognized in the period in which the related expenses are incurred.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

Revenues earned on behalf of Government are non-respendable and are not available to discharge the Agency's liabilities. These revenues are presented as a reduction to the Agency's revenues. While the President is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues.

As a result, non-respendable revenues are considered to be earned on behalf of Government of Canada and are therefore presented in reduction of the Agency's revenues.

(e) Expenses

Expenses are recorded on an accrual basis:

Transfer payments are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans, legal services and Shared Services Canada expenses are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits:

The Agency's eligible employees participate in the Public Service Pension Plan (the "Plan"), a multi-employer plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. The Agency's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Agency. Under present legislation the Agency is not required to make contributions with respect to actuarial deficits of the Plan.

(ii) Severance benefits:

As part of collective agreement negotiations with the employees, and changes to conditions of employment, the accumulation of severance benefits under the employee severance pay program has ceased commencing in 2012. As of March 31st 2015, all employees had been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. The obligation relating to the benefits earned to be paid on termination is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

(iii) Other future benefit plans:

The Government of Canada sponsors a variety of other future benefit plans from which employees and former employees can benefit during or after employment or upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Services Plan represent the two major future benefit plans available to the Agency's employees.

The Agency does not pay for these programs as they fall under the Government of Canada's financial responsibilities, but the Agency records its share of the annual benefits paid under these programs as a service provided without charge by other government departments. No amount is recorded in the Agency's financial statements with regard to either the actuarial liability of these programs at year end or the annual increase of such liabilities.

(g) Accounts receivable and advances

Accounts receivable and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Inventory

Inventory consists of laboratory materials, supplies and livestock held for future program delivery and not intended for re-sale. It is valued at cost. If it no longer has service potential, it is valued at the lower of cost or net realizable value.

(j) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is recorded on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization Period
Buildings	20-30 years
Machinery and equipment	5-20 years
Computer equipment and software	3-10 years
Vehicles	7-10 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset class

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

(k) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

3. Parliamentary Authorities

The Agency receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Agency Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used:

(In thousands of dollars)	2015	2014
Net cost of operations before government funding and transfers	$786,088	$827,914
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (less):		
Services provided without charge by other government departments	(84,172)	(82,284)
Amortization of tangible capital assets	(34,843)	(32,484)
Revenues pursuant to Section 30 of the CFIA act	53,407	57,981
Refund of Prior year expenditures	5,000	2,452
Bad debt	(197)	(294)
Change in Employee Severance Benefits	52,707	12,819
Change in Allowance for Expired Collective Agreements	28,080	(11,797)
Other net changes in future funding requirements	4,727	3,353
Gain (loss) on disposal of tangible capital assets	25	(810)
Post-capitalization of tangible capital assets	74	350
	24,808	(50,714)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (less):		
Acquisition of tangible capital assets	21,058	29,085
Proceeds from disposal of tangible capital assets	(657)	(533)
Transition payments for implementing salary payments in arrears	17,196	
	37,597	28,552
Current year authorities used	848,493	$805,752

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

(b) Authorities provided and used:

(In thousands of dollars)	2015	2014
Vote 1 - Operating expenditures	$660,582	$600,052
Vote 5 - Capital expenditures	27,959	26,076
Revenues pursuant to Section 30 of the CFIA act	93,870	88,248
Statutory contributions to employee benefits plans and compensation payments	100,804	140,719
Less:		
Authorities available for future years	(13,406)	(34,936)
Lapsed authority – operating	(13,965)	(9,796)
Lapsed authority – capital	(7,351)	(4,611)
Current year authorities used	$848,493	$805,752

4. Accounts Payable and Accrued Liabilities

The following table presents details of the Agency's account payable and accrued liabilities:

(In thousands of dollars)	2015	2014
Accounts payable to other government department (OGD)	$21,906	$5,934
Accounts payable to external parties	29,872	41,284
	51,778	47,218
Accrued liabilities	42,472	46,139
Total	$94,250	$93,357

5. Employee Benefits

(a) Pension benefits.

The Agency's employees participate in the public service pension plan (the "Plan"), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to the Canada's Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2014-2015 expense amounts to $60,107,261 ($57,666,000 in 2013-2014). For Group 1 members, the expense represents approximately 1.41 times (1.6 times in 2013-2014) the

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

employee contributions and, for Group 2 members, approximately 1,39 times (1.5 times in 2013-2014) the employee contributions.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future authorities.

As part of collective agreement negotiations with the employees, and changes to conditions of employment, the accumulation of severance benefits under the employee severance pay program has ceased commencing in 2012.

Employees have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.Information about the severance benefits, measured for March 31, is as follows:

(In thousands of dollars)	2015	2014
Accrued benefit obligation, beginning of year	$109,873	$122,692
Expense for the year	16,289	(3,279)
Benefits paid during the year	(68,996)	(9,540)
Accrued benefit obligation, end of year	$57,166	$109,873

6. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(In thousands of dollars)	2015	2014
Receivables from other government departments (OGD)	$2,505	$2,903
Receivables from external parties	6,036	5,800
Employee advances	287	12
	8,828	8,715
Less:		
Allowance for doubtful accounts on receivables from external parties	(503)	(498)
Accounts receivable	8,325	8,217
Accounts receivable and advances held on behalf of Government	(74)	(64)
Net accounts receivable	$8,251	$8,153

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

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7. **Tangible Capital Assets**

(In thousands of dollars)

	Cost					Accumulated amortization					
Capital asset class	Opening balance	Acquisitions	Adjustments (1)	Disposals and write-offs	Closing balance	Opening balance	Amortization (2)	Disposals and write-offs	Closing balance	2015 Net book value	2014 Net book value
Land	$3,330	$ -	$ -	$ -	$3,330	$ -	$ -	$ -	$ -	$3,330	$3,330
Buildings	288,410	2,828	3,880	1,090	294,028	214,630	10,449	1,090	223,989	70,039	73,780
Machinery and equipment	92,347	3,475	220	2,589	93,453	50,475	5,695	1,979	54,191	39,262	41,872
Computer equipment and software	86,844	900	4,411	1,144	91,011	51,946	14,168	1,155	64,959	26,052	34,898
Vehicles	34,729	537	(22)	5,233	30,011	24,365	2,211	5,211	21,365	8,646	10,364
Assets under construction	23,632	11,694	(8,700)	105	26,521	-	-	-	-	26,521	23,632
Leasehold improvements	53,498	1,624	399	248	55,273	42,123	2,320	248	44,195	11,078	11,375
	$582,790	$21,058	$188	$10,409	$593,627	$383,539	$34,843	$9,683	$408,699	$184,928	$199,251

(1) Adjustments include assets under construction of $8,700,000 that were transferred to the other categories upon completion of the assets.

(2) Amortization expense for the year ended March 31, 2015 is $34,843,000 (2014 - $32,484,000).

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

8. Contingent Liabilities

Claims relating to both legal and employee grievances have been made against the Agency in the normal course of operations. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimate of liability is accrued and an expense recorded in the financial statements.

Amounts have been accrued for contingent liabilities as at March 31, 2015 pertaining to legal claims. The amount of the contingent liabilities for legal claims recognized is based on management's best estimate. Other legal claims against the Agency and other defendants include a class action suit related to bovine spongiform encephalopathy (BSE) for which the likelihood of liability is not determinable.

No amounts have been accrued pertaining to employee grievances as at March 31, 2015.

9. Contractual Obligations

The nature of the Agency's activities can result in some large multi-year contracts and agreements whereby the Agency will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(In thousands of dollars)	2016	2017	2018	2019	2020 and thereafter	Total
Capital projects	$3,499	$-	$-	$-	$-	$3,499
Operating leases	3,252	1,616	23	23	23	4,937
Transfer payments	1,250	625	625	-	-	2,500
Operating contracts	22,008	3,735	1,360	540	278	27,921
Total	$30,009	$5,976	$2,008	$563	$301	$38,857

10. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Services provided without charge by other government departments

During the year, the Agency received without charge from other government departments: The employer's contribution to the health and dental insurance plans, accommodation, certain legal services and Shared Services Canada expenses. These amounts have been recognized in the Agency's Statement of Operations and Agency Net Financial Position as follows:

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

(In thousands of dollars)	2015	2014
Employer's contribution to the health and dental insurance plans	$39,628	$39,832
Accommodation	30,661	30,372
Legal services	1,325	660
Shared Services Canada expenses	12,558	11,420
	$84,172	$82,284

(b) Other transactions with related parties

(In thousands of dollars)	2015	2014
Accounts receivable from other government departments and agencies	$2,505	$2,903
Accounts payable to other government departments and agencies	21,906	5,934
Expenses – Other Government departments and agencies	122,822	120,881
Revenues – Other Government departments and agencies	666	540

11. Transfer of the transition payments for implementing salary payments in arrears

The Government of Canada implemented salary payments in arrears in 2014-15. As a result, a one-time payment was issued to employees and will be recovered from them in the future. The transition to salary payments in arrears forms part of the transformation initiative that replaces the pay system and also streamlines and modernizes the pay processes. This change to the pay system had no impact on the expenses of the Department. Prior to year end, the transition payments for implementing salary payments in arrears were transferred to a central account administered by Public Works and Government Services Canada, who is responsible for the administration of the Government pay system.

12. Segmented information

Presentation by segment is based on the Agency's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated by program, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2015

(in thousands of dollars)	2015						2014
	Food Safety Program	Animal Health and Zoonotics Program	Plant Resources Program	International Collaboration and Technical Agreements	Internal Services	Total	Total
Transfer Payments							
Compensation payments	$-	$11,550	$1,005	$-	$-	$12,555	$58,293
Other	285	324	-	270	-	879	2,126
Total transfer payments	285	11,874	1,005	270	-	13,434	60,419
Operating Expenses							
Salaries and employee benefits	330,624	110,291	70,507	35,154	77,367	623,943	604,386
Professional and special services	26,208	9,756	3,038	362	29,971	69,335	81,243
Accommodation	18,536	11,018	4,012	1,747	3,723	39,036	39,475
Amortization	17,336	6,789	3,778	1,708	5,232	34,843	32,484
Travel and relocation	7,271	4,184	1,477	741	1,461	15,134	20,206
Utilities, materials and supplies	6,186	4,790	3,677	205	3,761	18,619	19,187
Communications	6,276	2,464	1,367	616	2,094	12,817	11,733
Furniture and equipment	1,874	1,022	423	24	724	4,067	6,577
Repairs	1,773	880	510	66	1,989	5,218	6,228
Equipment rentals	628	314	195	14	2,239	3,390	2,185
Information	130	61	51	1	131	374	936
Loss on disposal of assets	-	-	-	-	-	-	810
Miscellaneous	275	117	130	8	61	591	461
Expenses incurred on behalf of Government	-	-	-	-	-	-	178
Total operating expenses	417,117	151,686	89,165	40,646	128,753	827,367	826,089
Total expenses	417,402	163,560	90,170	40,916	128,753	840,801	886,508
Revenues							
Inspection fees	25,917	896	4,745	6,321	-	37,879	42,072
Registrations, permits, certificates	2,201	827	864	4,912	-	8,804	8,625
Miscellaneous fees and services	354	1,247	1,511	1,736	512	5,360	4,826
Establishment license fees	1,981	-	20	-	-	2,001	2,067
Administrative monetary penalties	-	419	401	-	330	1,150	1,221
Grading	97	-	-	3	-	100	152
Interest	-	-	-	-	39	39	30
Gain on disposal of assets	12	5	3	1	4	25	-
Revenues earned on behalf of Government	-	-	-	-	(645)	(645)	(399)
Total revenues	30,562	3,394	7,544	12,973	240	54,713	58,594
Net cost of operations	$386,840	$160,166	$82,626	$27,943	$128,513	$786,088	$827,914

Summary of the assessment of effectiveness of the systems of internal control over financial reporting and the action plan of the Canadian Food Inspection Agency for fiscal year 2014–15 (unaudited)

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting

(unaudited)

1. Introduction

This document provides summary information on the measures taken by the Canadian Food Inspection Agency (CFIA or the Agency) to maintain an effective system of internal control over financial reporting (ICFR), including information on internal control management and assessment results and related action plans.

Detailed information on the CFIA's authority, mandate and program activities can be found in the Agency's *Departmental Performance Report* and *Report on Plans and Priorities*.

2. Agency system of internal control over financial reporting

2.1 Internal Control Management

The CFIA has a well-established governance and accountability structure to support departmental assessment efforts and oversight of its system of internal control. An Agency internal control management framework, approved by the President, is in place and includes:

- Organizational accountability structures as they relate to internal control management to support sound financial management, including roles and responsibilities of senior managers in their areas of responsibility for control management;
- Values and ethics;
- Ongoing communication and training on statutory requirements, and policies and procedures for sound financial management and control; and
- At least semi-annual monitoring of and regular updates on internal control management, as well as the provision of related assessment results and action plans to the President and departmental senior management and, as applicable, the Agency Audit Committee.

The Agency Audit Committee provides advice to the President on the adequacy and functioning of the Agency's risk management, control and governance frameworks and processes.

2.2 Service arrangements relevant to financial statements

The Agency relies on other organizations for the processing of certain transactions that are recorded in its financial statements:

Common arrangements

- Public Works and Government Services Canada (PWGSC) centrally administers pay services and the procurement of goods and services, as per the Agency's Delegation of Authority, and provides accommodation services;
- The Treasury Board Secretariat provides the Agency with information used to calculate various accruals and allowances;
- The Department of Justice provides legal services to the CFIA; and
- Shared Services Canada (SSC) provides IT infrastructure services to the Agency in the areas of data centre and network services. The scope and responsibilities are addressed in the interdepartmental arrangement between SSC and the Agency.

Specific arrangements

- Agriculture and Agri-Food Canada (AAFC) provides the CFIA with:
  - The SAP financial system platform to capture and report all financial transactions;
  - The Enterprise data warehouse to report financial information; and
  - The PeopleSoft human resource system platform to manage pay and leave transactions.

3. Agency assessment results during fiscal year 2014-15

The key findings and significant adjustments required from the current year's assessment activities are summarized below.

New or significantly amended key controls: In the current year, there were no significantly amended key controls in existing processes which required a reassessment. Design and operating effectiveness testing was conducted on any new key controls identified. Significant adjustments were not required for the new key controls.

Ongoing monitoring program: As part of its rotational ongoing monitoring plan, the Agency completed its reassessment of entity-level controls within Risk Management and Financial Management; Information Technology Access and Change Management Controls and the financial controls within the business processes of Pay, Capital Assets, Revenue and Financial Close & Reporting. For the most part, the key controls that were tested performed as intended, with remediation required as follows:

- Communication of employee departure procedures; and
- Improvements to controls over asset validation, assessment and disposals.

(unaudited)

4. Departmental Action Plan

4.1 Progress during fiscal year 2014–15

The CFIA continued to conduct its ongoing monitoring according to the previous fiscal year's rotational plan as shown in the following table:

Previous year's rotational ongoing monitoring plan for current year	**Status**
Complete on-going operating effectiveness testing for Risk Management, Financial Management, IT Access Control & Change Management, Revenue and Financial Close & Reporting.	Completed as planned; no remedial actions required.
Complete on-going operating effectiveness testing for Pay and Capital Assets.	Completed as planned; remedial actions in progress.
Continue to follow up on outstanding improvement opportunities identified in previous years.	Improvement opportunities are substantially completed for Capital Assets and Pay and are in progress for Revenue. Other improvement opportunities identified in previous years have been fully implemented.

4.2 Action Plan for the next fiscal year and subsequent years

The CFIA's rotational ongoing monitoring plan over the next three years, based on an annual validation of risks and controls and related adjustments as required, is shown in the following table.

Key Control Areas	**2015-16**	**2016-17**	**2017-18**
Entity level controls			
Values and Ethics	Yes	No	No
Governance	Yes	No	Yes

(unaudited)

Risk Management	No	Yes	No
Financial Management	No	Yes	No
People Management	Yes	No	Yes
Information technology general controls under Agency management[1]			
SAP/Enterprise	No	Yes	No
PeopleSoft	Yes	No	No
Electronic Invoicing	Yes	No	No
Business Process Controls			
Pay	Yes	Yes	Yes
Non-Pay (Operating and Maintenance)	Yes	No	No
Revenue	No	Yes	No
Capital Assets	No	Yes	No
Financial Close and Reporting	Yes	Yes	Yes
Statutory Compensation Payments	Yes	No	No

In addition to the risk-based on-going monitoring plan, the Agency will continue to address outstanding remediation.

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[1] IT Access Control and Change Management controls will be included in the IT assessment areas identified above beginning in 2015-16.

Supplementary Information Tables

The supplementary information tables listed in the *2014–15 Departmental Performance Report* can be found on Canadian Food Inspection Agency's website[xxi].

- Departmental Sustainable Development Strategy;
- Details on Transfer Payment Programs;
- Horizontal Initiatives;
- Internal Audits and Evaluations;
- Response to Parliamentary Committees and External Audits;
- Status Report on Projects Operating With Specific Treasury Board Approval; and
- User Fees Reporting.

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*[xxii] publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

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Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Includes operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Report on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*): A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Includes net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*): What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plan (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorité*): Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*): A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*): A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

result (*résultat*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (*programme temporisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

whole-of-government framework (*cadre pangouvernemental*): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

[i] *Canadian Food Inspection Agency Act*: http://laws.justice.gc.ca/eng/acts/C-16.5/

[ii] *Agriculture and Agri-Food Administrative Monetary Penalties Act:* http://laws-lois.justice.gc.ca/eng/acts/A-8.8/

[iii] *Agricultural Growth Act:*
http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=7862202

[iv] *Food and Drug Act*: http://laws.justice.gc.ca/eng/acts/F-27/

[v] *Safe Food for Canadians Act:* http://laws.justice.gc.ca/eng/acts/S-1.1/

[vi] *Canada Agricultural Products Act:* http://laws.justice.gc.ca/eng/acts/C-0.4/

[vii] *Consumer Packaging and Labelling Act*: http://laws.justice.gc.ca/eng/acts/C-38/

[viii] *Fish Inspection Act*: http://laws.justice.gc.ca/eng/acts/F-12/

[ix] *Meat Inspection Act:* http://laws.justice.gc.ca/eng/acts/M-3.2/

[x] *Fertilizers Act:* http://laws.justice.gc.ca/eng/acts/F-10/

[xi] *Plant Breeders' Rights Act:* http://laws.justice.gc.ca/eng/acts/P-14.6/

[xii] *Plant Protection Act*: http://laws.justice.gc.ca/eng/acts/P-14.8/

[xiii] *Seed Act*: http://laws.justice.gc.ca/eng/acts/S-8/

[xiv] *Health of Animals Act:* http://laws.justice.gc.ca/eng/acts/H-3.3/

[xv] Feeds Act: http://laws-lois.justice.gc.ca/eng/acts/F-9/

[xvi] **Whole of Government Framework Spending Area**: http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx

[xvii] *Public Accounts of Canada 2015*: http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[xviii] Public Works and Government Services Canada website:
http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[xix] 2014-15 Performance indicator methodology:
http://www.inspection.gc.ca/eng/1442253072937/1442253073921?chap=7

[xx] Plant Breeders Rights:
http://www.inspection.gc.ca/plants/plant-breeders-rights/eng/1299169386050/1299169455265

[xxi] CFIA's Section 3: http://www.inspection.gc.ca/eng/1442253072937/1442253073921?chap=4#s10c4

[xxii] *Tax Expenditures and Evaluations* publication: http://www.fin.gc.ca/purl/taxexp-eng.asp